FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Lomé convention: EEC faces demand for more aid, Page 24

NEWS SUMMARY

GENERAL

Nobel peace prize for Walesa

Lech Walesa, leader of the banned Polish workers' movement Solidarity, has been awarded the 1983 Nobel Peace Prize.

In its citation, the Norwegian prize committee said they had taken into account his contribution, made with considerable personal sacrifice, to establish the workers' right to set up their own organisations.

The award comes while Walesa is subject to an official denigration campaign by the Polish authorities. They have broadcast recordings – the authenticity of which he denies – of conversations about bank accounts abroad. **Report, picture, Page 2**

Irish three cleared

A Paris appeals court cleared three Irish suspects, Michael Plunkett, Mary Reid and Stephen King, on charges of possessing arms and explosives, because of irregularities in police procedure. Dublin police said the three were members of the outlawed Irish National Liberation Army.

Gromyko invitation

Denmark's Foreign Minister Uffe Ellemann-Jensen received a surprise invitation to visit his Soviet counterpart Andrei Gromyko in Moscow on October 31 and November 1. **Page 2**

Brief peace strike

West German trade unions said most of their 8m members took part in a 5 minute peace strike.

Move on apartheid

Australian Premier Bob Hawke wants to have talks on sanctions against South Africa over apartheid at next month's New Delhi meeting of British Commonwealth heads of government.

Jumblatt's demands

Lebanese Druze leader Walid Jumblatt, visiting Athens, called for an overhaul of the Lebanese constitution, a change in the electoral system, and an end to Christian domination in the army.

Taiwanese claim

A Taiwan MP said his country and not China should be negotiating with Britain about the return of Hong Kong because Taiwan held and owned the 1898 treaty giving Britain a lease on most of Hong Kong for 99 years.

Peace people in fight

Fights broke out at Linz, Austria, between protesting supporters of Greenpeace, the international conservation group, and workers at a plant where the deadly chemical dioxin is stored. The makers have been unable to dispose of it.

Italian amnesty

The Italian Government approved an amnesty affecting an estimated 4m-7m buildings illegally built or modernised since 1942, providing the owners owned up and paid a fine.

Last-hour reprieve

Convicted killer James Autry was reprieved less than half-at-hour before he was to be executed in Texas by a lethal injection, by order of a Supreme Court judge.

70-mile runaway train

A driverless, runaway train travelled 70 miles (110 km) in northern Bangladesh. It was boarded and stopped after three hours.

BUSINESS

French boost aid for robot makers

● **FRENCH** Government announced a three-year programme to step up support for manufacturers of robots and automated production equipment.

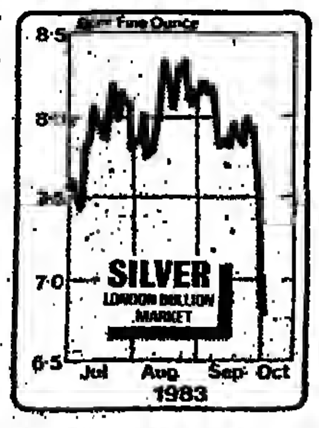
It is temporarily suspending aid to the textiles industry, subject of a long dispute with the EEC. **Page 3**

● **US** and Japan expect to ratify agreements this month to settle the decade-long trade battle in the $25bn world market for semiconductor chip products.

● **LONDON:** FT Industrial Ordinary index edged down by 0.4 to 707.8. Government securities showed gains averaging 0.39 per cent. Report, FT Share Information Service, Pages 41-43

● **WALL STREET:** Dow Jones index closed up 13.51 at 1,250.20. Report, Page 37. Full share prices, Pages 38-40

● **TOKYO:** Nikkei Dow index improved by 67.59 to 9491.93. Stock Exchange index closed 5.22 up at 695.73. Report, Page 37. Leading prices, other exchanges, Page 40



● **SILVER** prices touched their lowest in London since December, but recovered with the bullion spot price closing at £6.78 ($10.08) a troy ounce. **Page 46**

● **DOLLAR** fell to DM 2.6 (from DM 2.625), to FFr 7.945 (FFr 8.0075), SwFr 2.103 (SwFr 2.115), and Y233.25 (Y233.95). Its Bank of England trade-weighted index fell from 126.9 to 126.1. **Page 47**

● **STERLING** rose 1.15c to $1.4865, SwFr 3.12 (SwFr 3.1225) and Y347 (Y345.25), was unchanged at FFr 11.81, and eased to DM 3.8675 (DM 3.875). Its trade-weighting eased from 82.7 to 82.6. **Page 47**

● **GOLD** fell $1.5 in London to close at $392.875. In Frankfurt it fell $5 to $389, and in Zurich a $5 fall took it to $389.5. In New York the Comex October settlement was $397.2. **Page 46**

● **SWITZERLAND'S** leading four banks cut their time-deposit rates from 3.75 per cent to 3.5 per cent, the third cut since July.

● **HUNGARY'S** Deputy Finance Minister Peter Medgyessy praised the growing private sector for its productivity and suggested that people requiring special medical treatment should pay for it.

● **NORWAY'S** Government has tabled a budget cutting direct taxes by NKr3.6bn ($485m), partly offset by subsidy cuts, higher indirect taxes and increased charges for public services. **Page 3**

● **ISRAEL'S** banks had an emergency meeting with the Finance Minister after public concern over the economy led to a movement to sell shares and buy dollars. **Page 24**

● **BULLION RESERVE** Company of North America, whose chairman Alan Saxon was found dead last week after it was revealed he had borrowed $41m of its money, has filed under the U.S. bankruptcy laws.

● **AGA** of Sweden, fifth largest industrial gas company in the world, is to buy the gas division of Norgas of Norway for about NKr 350m ($48m). **Page 25**

Paris backs cut in UK payments to EEC budget

BY JOHN WYLES IN BRUSSELS

France has made a significant shift towards accepting one of the key elements in the UK's proposed long-term solution to its EEC budget problems.

In a paper handed to other member governments this week, Paris has for the first time backed the view that the British budget burden should be eased by lowering the UK's payments to Brussels rather than trying to offset them through specially increased Community expenditure in Britain.

Special payments have been the budget relief vehicle for the UK for three years, and London wishes to avoid perpetuating them in any long-term settlement. These payments have become a source of regular dispute between the Council of Ministers and the European Parliament, which is using every opportunity to exploit them for its own purposes.

This is thought to be one reason why France has opted for action to reduce the volume of VAT payments and customs levies that Britain passes on to Brussels. President François Mitterrand of France has made clear his own desire to curb the Parliament's budgetary powers.

The French paper is not seen as a sign that Paris is about to embrace the British proposal for e "safety net" putting limits on budget contributions from all member states whose national gross domestic product (GDP) is above the EEC average.

Both British and European Commission officials, however, see it as opening the way to a final agreement based an the suppression of part of the UK's budget payments.

The French paper strikes an important blow against a proposal it was purporting to support – Denmark's idea for a special "convergence fund" that would channel extra EEC funds to the UK.

Another modification being sought by Paris – much to Danish displeasure – is a clear basis for establishing how much other member states will pay towards the cost of lowering Britain's budget payments.

France suggests a formula based on per capita GDP and net receipts from the EEC budget which could be a heavier burden for Denmark and the Benelux countries than France itself.

From the British point of view, the less attractive aspect of the French initiative is its apparent endorsement of a solution running for only five years and yielding a reduction of less than 30 per cent of Britain's unadjusted 1982 budget payments of £1.136bn ($1.69bn).

Nevertheless, now that there is French and West German backing for a solution based on limits on UK transfers to the Community, Sir Geoffrey Howe, Britain's Foreign Secretary, will seek to rally more support for the safety net idea during special negotiations beginning in Athens on Monday.

Lomé convention, Page 24

France may delay entry by Spain and Portugal

BY OUR BRUSSELS CORRESPONDENT

THE FRENCH Government is hesitating over the enlargement of the European Community, which threatens to spark bitter rows with Spain and Portugal by delaying their entry into the EEC until the beginning of 1987.

President François Mitterrand and his Government have been increasingly equivocal on Spanish membership for more than a year. Now French ministers and officials have started issuing warnings against any major effort by France to conclude the protracted enlargement negotiations when it fills the presidency of the EEC Council of Ministers in the first half of next year.

They point out that prospective Spanish membership is so unpopular with farmers in southern France that the ruling French Socialist Party could suffer a serious setback in next June's elections for the European Parliament if it appears to be sponsoring Madrid.

If France frustrates efforts to complete the negotiations during its presidency, the effect could almost certainly be to delay Spanish and Portuguese entry until January 1, 1987. This is because it will take several months to cast eventual agreements into legal treaty form and a subsequent year must then elapse to allow national parliaments of member states to ratify the enlargement treaties.

Reactions in Marid and Lisbon to a further delay could be quite vivid. In July, the Spanish Government stressed how little progress had been made in four years of negotiations, and set an effective deadline for EEC membership of January 1, 1986. This would be some nine months before elections for a new Cortes (parliament).

France's domestic political difficulties were spelled out in Brussels recently by M André Chandernagor, the Minister for Europe, during lunch with other EEC ministers. Paris' dilemma is seen in other EEC capitals as a real one, but there is some suspicion that its threat that nothing much might happen during the French EEC presidency is at this stage largely tactical.

France is expected to try to shift the blame for the delay on to other member governments if they refuse to make concessions, particularly on reforms of Mediterranean agriculture, which Paris is seeking.

Others can also be held responsible if the current negotiations on EEC financing and agricultural reform fail to yield substantial agreements at the summit in Athens in December, and at the subsequent meeting of heads of government next March.

All ten member states are agreed that the enlargement negotiations cannot be concluded until a package is wrapped up which also gives the Community extra budget revenues to help finance it.

China attacks UK 'for wanting an independent Hong Kong'

BY MARK BAKER IN PEKING

CHINA yesterday launched its strongest attack on Britain's negotiating stand over the future of Hong Kong, claiming that Mrs Margaret Thatcher sought independence for the colony.

China accused Britain of trying to prevent it from regaining control of Hong Kong in a commentary published by the official news agency, Xinhua. It also said that the UK Prime Minister bad made "ridiculous" statements about Britain's financial interests in Hong Kong.

The latest attack on wbet China sees as Britain's "intentions" coincided with the departure of Sir Edward Youde, governor of the colony, for talks in London with Mrs Thatcher.

Before leaving, Sir Edward said that the search for a settlement with China renained his Government's "highest priority."

On the fortunes of the Hong Kong dollar, which has experienced wide fluctuations since China adopted its tough public anti-British stance, Sir Edward said that the authorities must proceed with caution.

In response to continuing speculation that Britain would soon announce a package of measures aimed at stabilising the currency, he said that a cautious approach was essential, given the market's sensitivity. The British Government had to take care not to mislead the public about its power to influence exchange rates and must be fully aware of the consequences of any action it might take, Sir Edward added.

China's latest attack is its toughest since the two countries entered negotiations on the future of Hong Kong late last year and apparently signals that Peking has abandoned any pact with Britain on confidentiality and is prepared to take up a persistent and increasingly hostile public offensive against the UK.

The talks, which appear to have made little progress, are due to enter a fifth round in a fortnight. It is believed that Britain is arguing for a continued administrative role to ensure Hong Kong continued prosperity after its leases over most of the territory expire in 1997. China is insisting that it regain complete control by that date and that it has policies which will ensure Hong Kong's future as a major financial centre.

The Xinhua commentary says recent remarks by Mrs Thatcher "revealed Britain's intention to continue its colonial rule over Hong Kong and to find new pretexts to prevent China from resuming the exercise of her sovereignty over Hong Kong."

In an interview with correspondeots in London on September 23 – the day the last round of talks finished – Mrs Thatcher said there was "great political and financial uncertainty" over Hong Kong's future. She also rejected suggestions that Britain was taking a colonialist attitude towards Hong Kong by saying that if it were not for the treaties with China the colony would have been granted independence, like Singapore, long ago.

Bank of Montreal to buy Harris Bankcorp

By Paul Taylor in New York

BANK OF MONTREAL, Canada's third largest bank, is to acquire Harris Bankcorp, the third largest banking group in Chicago and the 31st biggest in the U.S., in an agreed cash bid worth about $550m.

The acquisition, which had been widely expected since the end of August when Harris announced that it was holding merger talks with a leading international bank, is the latest in a series of bold moves by foreign banks into the U.S. market.

The deal, which may take up to a year to complete, is also seen on Wall Street as marking a significant strengthening of the position of Harris Bankcorp's main subsidiary, Harris Trust and Savings Bank, in the rapidly changing Chicago banking market and in the fiercely competitive U.S. corporate banking market.

The agreement was announced yesterday by the two companies after the suspension of share trading in Harris on the New York Stock Exchange at $69¼ on Tuesday.

Under the terms of the deal, Bank of Montreal will pay $82 a share for the Chicago banking group's 6.666m outstanding shares.

The price represents a significant premium over Harris Bankcorp's book value of about $59 a share at the end of June, although it was broadly in line with Wall Street's expectations. Bank of Montreal said yesterday that it expected to be paying about 1.27 times book value when the deal was closed.

As part of the definitive agreement, the two banks said trustees of the Harris family trust, together with individual family members who control more than 25 per cent of the bank's shares, had agreed to sell their shares at $82 a share and vote in favour of the deal at a special shareholder meeting.

Harris Bankcorp ranks as the 31st largest banking group in the U.S., with assets of $7.6bn and is highly profitable. In the first half, the group reported net earnings of $18.1m or $2.73 a share, against earnings of $16.83m nr $2.55 a share in the same period last year.

Background; Spanish banking, Page 25

Brazil needs bigger loan, says Langoni

BY PETER MONTAGNON IN LONDON

SR CARLOS LANGONI, the former Brazilian central bank governor who resigned a month ago, said yesterday that the $6.5bn loan now being assembled for Brazil by its international bank creditors was not nearly enough to satisfy its cash needs until the end of 1984.

Speaking to journalists at a conference organised by London's City University, Sr Langoni said be bad asked the banks before he resigned to provide a loan of $8.5bn to $9bn. Later be roundly condemned Western central banks for their "timid" approach to the debt crisis which had failed to provide secure access to official financing for developing countries.

One of the main concerns of other ceotral bankers since his resignation has been that Sr Langoni would undermine rescue efforts for Brazil by stressing problems associated with the new package. They are worried that this will generate a climate of nervousness and give small banks an excuse for refusing to participate in the new loan.

Such nervousness was further fuelled yesterday by another former Brazilian central bank governor, Sr Paulo Lira, who told the conference Brazil should "temporarily and partially" disengage itself from the banking system for five years in what would effectively amount to an interest moratorium on its medium-term debt.

EASIER TERMS

Brazil is to seek a longer than usual grace period and repayment terms on the $12bn package of new and rescheduled loans it is negotiating with its creditor banks. **Page 24**

Bankers close to the Brazilian talks moved quickly yesterday to rebut Sr Langoni's assertion that the bank credit would be inadequate. The former central banker who resigned rather than agree to the harsh austerity programme proposed for Brazil by the International Monetary Fund (IMF) argues that export credits promised to Brazil by Western governments for next year will not benefit the country's cash flow. It is cutting its imports and may not be able to use the credit facilities.

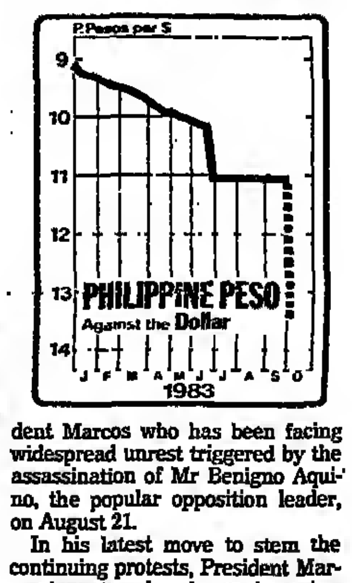
But bankers actually negotiating the loan say that the $2.5bn in such export credits is being carefully organised to yield the maximum cash-flow benefit. Intensive discussions on this bave already taken place betweeo Brazil's bank credits and the U.S. Eximbank, which is to provide roughly half the amount.

The two former Brazilian central bankers, however, yesterday forced

Continued on Page 24

Philippine peso falls by 21.4%

By Emilia Tagaza in Manila



THE PHILIPPINES yesterday floated tha peso, which quickly fell in value by 21.4 per cent against the U.S. dollar. The Manila Government made the move in an attempt to curb the worsening balance-of-paymeots deficit and conclude a deal for funds from the International Monetary Fund (IMF).

The floating of the currency follows closely on Tuesday's decision by President Ronald Reagan to postpone his planned trip to the Philippines, a move seen as undermining the standing of President Ferdinand Marcos.

President Reagan's proposed visit has been viewed as an endorsement of the 18-year rule of President Marcos who has been facing widespread unrest triggered by the assassination of Mr Benigno Aquino, the popular opposition leader, on August 21.

In his latest move to stem the continuing protests, President Marcos has signed a decree imposing the death penalty for subversion.

The peso had been officially set at 11 to the U.S. dollar since the pre-

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CONTENTS

Prize boost for Walesa's flagging confidence

BY CHRISTOPHER BOBINSKI IN WARSAW

MR LECH WALESA, leader of the banned Solidarity union, has been awarded the Nobel Peace Prize just as things seemed to be getting too much for him.

The official denigration campaign against him in the media had reached a peak with the broadcast last week of tapes apparently recorded during a conversation with his brother when he was still interned last autumn. The two men allegedly discussed what to do about Mr Walesa's hard currency prizes still abroad. Mr Walesa has denied the tapes' authenticity.

The authorities say they published the tapes to show that he was lying when he told a shipyard meeting in August that he had no bank accounts abroad.

Up till now, the union leader's attempt to coax the authorities to the negotiating table have been met with blank refusal. Mr Walesa has held consistently to the moderate line that the authorities must return to a policy of talks with authentic trade unions, within the limits of the Gdansk agreement. By implication he has dropped Solidarity's anti-establishment edge. What is more, he has in effect recognised the new trade union legislation which circumscribes union activity, and, most recently, he has said he is willing to step aside "if the need should arise."

All these attempts to salvage the cause of independent unions have been contemptuously ignored by the authorities.

Worse still, his conciliatory offers have been meeting with incomprehension from union supporters. Their reactions to recent statements forced him to deny some suggestions, such as the temporary dropping of the name "Solidarity."

Whether the authorities' considered reaction will be one of terse fury or long-winded explanation criticising the decision, there seems little doubt that their line of publicly ignoring Mr Walesa will not change. As late as Tuesday, Mr Jerzy Urban, the government spokesman, told his weekly news conference: "Mr Walesa is not politically influential in the country and his changeable opinions have little effect."

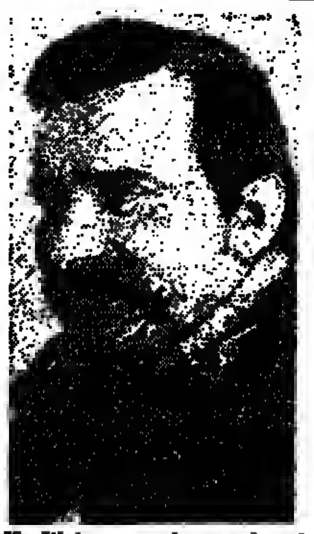
THE 40-year-old Lech Walesa shot into the world limelight in August 1980 when he took over the strike at the Gdansk shipyard where he worked, and still works, as an electrician. He negotiated the establishment of Solidarity, the first independent trade union in the Soviet bloc, and a month later was elected union chairman.

Under Mr Walesa, Solidarity mushroomed in membership to 10m out of Poland's 12m workforce, before General Jaruzelski imposed martial law in December 1981, suspending the union and finally declaring it illegal in autumn 1982.

The Jaruzelski government claimed Solidarity had pushed Poland to the brink of civil war and that it was subversive. But Mr Walesa, a long time union activist who lost his job several times in the 1970s for taking part in strikes, always said he sought to reform communism, not destroy it.

Mr Walesa was among the 4,500 Solidarity activists rounded up in December 1981. But he was held separately, at a remote hunting lodge near the Soviet border, until he was released last November, a month after the government had decided to outlaw Solidarity and to recreate official trade unions in Poland.

On his release, Mr Walesa returned to his Gdansk home, wife Danuta and seven children and this summer he got back his shipyard job. But he has been subjected to harassment and occasional detention from the police, vilification from the Press, and a cold shoulder from the government, which insists he has no further political role to play.



Mr Walesa . . . harassed and vilified in Press

This ignores the fact that Mr Walesa retains enormous popularity, bolstered by his meeting in June with the Pope and now by the Nobel prize. Crowds cheer him, as they did at a recent football match in Gdansk.

But, in a sense, the government spokesman has a point. Mr Walesa has yet to translate that popularity into political effect and influence on the authorities. This problem is unlikely to change, while the Government still retains the initiative and holds the working class in check through threat of renewed force.

His enhanced prestige could well persuade the authorities to dig in deeper and refuse to talk to him on any other than their own terms. The Roman Catholic church here seems to have recognised this. Though it will never admit it in public, it is no longer so insistent that any future talks between rulers and ruled should include Mr Walesa in a prominent role.

How far the Nobel award will cause the church to revise its attitude is one of the many intriguing questions raised by the Oslo committee's decision yesterday.

Danish minister invited to Moscow

By Hilary Barnes in Copenhagen

Mr Uffe Ellemann-Jensen, Denmark's Foreign Minister, has received a surprise invitation to visit his Soviet counterpart, Mr Andrei Gromyko, in Moscow, at the end of this month.

It is thought that he will be the first Nato Foreign Minister to visit Moscow after the shooting down of the Korean airliner.

It is expected that the main subject of the talks in Moscow will be the intermediate range missile problem on which Denmark has adopted a soft line. Mr Gromyko may endeavour to to persuade the Danes that it is in their interest to soften the line still more.

The present Danish Government as such is firmly behind the Nato 1979 twin-track decision but its position was weakened when on May 26 the Folketing passed a Social Democratic resolution which called on the Government to urge Nato to extend the Geneva INF talks into next year, with no deployment or preparations for deployment of missiles in the meantime, and to include the British and French misssile forces in the talks.

Rouble 'tourist' rate adjusted against East bloc currencies

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

THE Soviet Union has announced wide-reaching changes in the "tourist" rate of the rouble against other Comecon currencies, in a move which could not only reflect periodic adjustment for inflation differentials but also presage more basic financial reform in the Eastern bloc.

According to Tass, the Soviet news agency, the "non-commercial" rate for the rouble dropped, effective from October 1, against the Bulgarian lev and Mongolian tugrik, stayed the same against the Cuban peso, and rose in varying degrees against the Czech, East German, Hungarian, Romanian, Polish and Vietnamese currencies.

Several factors make the latest changes different from the usual monthly adjustment principally against Western currencies. The October 1 adjustments contain far bigger changes against Comecon currencies than Western currencies. They are very sharp in the case of the Polish zloty, where Zl 100 go from 22.50 to 2.31 roubles, (and of the Vietnamese dong, where 100 dong is down from 30.60 to 10.47 roubles. They are also unusually wide-ranging, since no change in the rouble rate with the dong and tugrik has been announced for years.

Information on Comecon inflation rates is very poor. But it is very possible that the changes simply reflect inflation differentials. Prices in at least Hungary, Romania and Poland are known to be rising faster than in the Soviet Union.

There is also no intrinsic reason why changes in the non-commercial rouble rates with Comecon currencies should necessitate similar changes in "commercial" rates. But if the "commercial" rates inside Comecon have also changed, then, some observers have speculated, this could be a way for Moscow to write down some of the big debts which Comecon partners have incurred with the Soviet Union because of the rising price of Soviet oil.

Craxi's cautious surgery on sick economy leaves Italians sceptical

BY JAMES BUXTON IN ROME

DOES THE tough budget announced late last week by Sig Bettino Craxi, Italy's Socialist Prime Minister, signal the start of the first serious attempt in years to get the Italian economy in order? Or is it just another collection of half-measures doomed to annihilation by inflation and uncontrollable government spending?

The economy looks ill, even by deceptive Italian standards. Inflation, though only 13.6 per cent last month, will still average about 15.5 per cent for the year, barely down on last year and well above the target for this year of an average of 13 per cent.

The Government's budget deficit will overshoot its target for this year of L71,000bn (£29.5bn) by about L20,000bn and will soar on to L130,000bn next year (21 per cent of gross domestic product against most industrial countries' deficits of about 3 or 4 per cent) if nothing is done.

The balance of payments is at last coming back towards equilibrium, but this partly reflects the recession. The gap between Italy's inflation rate and that of its major trading partners is now so great that domestically-generated expansion of the economy is out of the question.

Twice in the past 15 months the Governments of Sig Giovanni Spadolini and Sig Amintore Fanfani raised the alarm, announcing packages of higher taxation and charges, and measures to reduce spending. But in the fraught political climate, with a general election always in the offing, the measures were not implemented by parliament in anything like their full form, and the economy deteriorated.

All Italian governments are caught in a vice: on one side the Treasury has little effective brake on spending but must meet the commitments which parliament eagerly assumes on its behalf. On the other side the Ministry of Finance, which handles taxation, knows that tax exemptions and evasions are such that increases in income tax mainly hit the regularly employed wage earner, who cannot easily avoid tax.

Small scope

Thus although the proportion of national income which the Government takes in tax is lower in Italy than in the other major European countries, the scope for raising revenue is very small, particularly when increases in VAT and higher charges are reflected in wages under the indexation system.

At first sight Sig Craxi's budget for 1984, hammered out by the cabinet in the last few hours before the legal deadline of September 30, looks much like its unsuccessful predecessors. This year's expected eventual deficit of L90,000bn has also been taken as the target for next year. This means a decrease in real terms, so cuts of L40,000bn are required. Some taxes are to be raised, including those on companies and bank deposits. Just as last year the Government did well out of an amnesty on income tax offenders (who paid a lump sum with no questions asked) so this time it is to sell pardons to those who have infringed building regulations.

The novelty is in the spending cuts which for almost the first time threaten to cut significantly on pensions, family benefits and health spending. For the rest, the Government is expecting savings from cuts in defence and other areas, from possible delays in Treasury payments, and from the expected saving of interest on its debt as the deficit comes down —which will only happen if the rest of the package is implemented.

The real test of the budget is whether the pension and social security cuts get through Parliament more or less intact. That seems far from certain in view of the opposition that has already been voiced by some Christian Democrat politicians.

But at least the outcome of the Parliamentary struggle will be known quite soon. The budget must by law be passed by the end of April 1984. Traditionally MP's take almost all the seven months available for a rambling and often obstructed discussion, during which the Government becomes increasingly agitated. This time, however, that should change: both houses of Parliament have, to many people's surprise, agreed to a radical streamlining of procedures to enable the budget to be approved by the end of December.

But few economists really believe that the Government will actually meet its target of getting the deficit down to L90,000bn next year, however helpful Parliament is. Fewer still believe it has a hope of cutting inflation to 19 per cent next year as intended. Nor is the prediction of 2 per cent real growth next year, against the decline of more than 1 per cent this year, very convincing.

Manoeuvre

The only real hope of cutting inflation lies in another attempt at reducing wage indexation—and the Government has made clear that the budget is only the first part of a two-stage manoeuvre. Last January's agreement on reducing the workings of the *scala mobile* (sliding scale) wage indexation system reached so painfully after nearly two years of talks, has yet to have much effect.

As part of the Government's stated objective of ensuring that real hourly wages do not exceed the inflation rate for the next three years, ministers are now talking of limiting in advance the number of points by which the *scala mobile* index may rise. Many workers' wages are still rising faster than inflation and as most government spending consists of payments of indexed wages and contributions, a sharp drop in inflation would cut the deficit at a stroke.

But there can be no incomes policy without the consent of the unions, who are currently brooding over the budget and lamenting the absence of the wealth tax they had hoped for. However, they have for the moment put off any protest strikes against the budget. With vast cuts in employment in steel and other industries in the offing, the unions have much to digest.

Sig Craxi's policy is to deal with the economy slowly but surely. He went on holiday soon after coming to power in August instead of launching emergency economic decrees that many believed essential. For most of September, as the budget loomed, he showed little sign of urgency. A programme of talks with the unions is in progress, but no one knows when the issue of the incomes policy will be formally discussed.

Gradualism is often a good policy in Italy, though it is sometimes used as an excuse for doing nothing. Critics say that Sig Craxi is too constrained by the threats to his position, especially from the Left, to do more than tinker. But as Italy's first Socialist Prime Minister he cannot want to preside over a shambles, and with general elections out of the way he has a unique chance. It is too early to say whether he is taking it.

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EUROPEAN NEWS

Norwegian budget aims for expansion

By Fay Gjester in Oslo

NORWAY'S Centre-Right coalition bas put forward a moderately expansionist budget for 1984, the first since 1979 to show a deficit.

The draft hudget, presented to Parliament yesterday, is expected to show a deficit before loan transactions of NKr 1.2bn (£111m), compared to a 1983 budget surplus of NKr 9.5bn.

The Government's total financing requirement in 1984 amounts to NKr 34.8bn (£3.2bn), against NKr 25bn in the 1983 budget.

The Conservative-dominated coalition expects to cover the deficit mainly through domestic loans, the sale of state securities to the Bank of Norway, and the sale of state bonds. There are no plans to increase foreign borrowing.

The budget foresees growth of 1.4 per cent, compared to 0.7 per cent in the year to September 1983, but allows for a possible drop-in GNP of 1.9 per cent when adjusted for uncertainties in the offsbore oil and gas markets.

Total expenditure is put at NKr 170.7bn before loan transactions, 8.2 per cent up from last year, and revenue at NKr 169.5bn — only 3.1 per cent up.

Taxes on offshore oil and gas are forecast to yield only NKr 23.97bn next year, compared with an estimated petroleum tax take this year of NKr 30.1 bn, reflecting the recent fall in oil prices. The 1984 take could, however, exceed the budget forecast, which includes a 15 per cent "safety margin" to allow for possible breaks in production, as well as market and exchange rate fluctuations.

The budget aims to combat rising unemployment in two ways: by continued high spending on job-creation schemes as a short-term solution; and by maintaining public sector spending in areas that will affect domestic demand. Tax concessions to business and industry are planned to encourage investment and improve competitiveness, while modest cuts in personal income tax will, it is hoped, lead to moderation in wage claims next spring.

The official target is to bring price increases down to 6 per cent in 1984, from 8.5 per cent this year and 11.3 per cent in 1982, and to limit pay rises next year to 5 per cent.

France suspends aid to textile industry

BY DAVID HOUSEGO IN PARIS

THE French Government is tempororily suspending assistance to the textile industry that has been the subject of a lengthy battle between France and the European Commission.

The Commission's view that it was illegal under EEC rules was supported last month by the European Court of Justice. Up to now, France has ignored the Community's objections. It is now to study with the Commission ways of resolving the dispute.

Under a scheme introduced last year, the French Government offered relief on social security payments to textile companies both investing and providing certain guarantees to keep lay-offs to a minimum. The relief amounted to 6-12 per cent of the companies' social security charges and cost the Government FFr 1.9bn (£161m) in 1982-83, the first year of operation. Some 3,000 companies took advantage of it.

The Government believes the scheme achieved its goals. Investment in the textile industry rose last year by 30 per cent to FFr 2.7bn and in the clothing industry by 42 per cent to FFr 900m. The number of redundancies in both sectors, however, fell sharply back from 20,000 in 1981 to 3,500 last year.

The scheme, however, ran into fierce opposition from Brussels as providing unfair assistance to French textile manufacturers. The European Court supported the Commission view in an interim ruling on September 20.

Planned on a two-year basis, the Government was expecting to provide relief this year worth some FFr 1.2bn to some 2,500 companies.

Big losses for French railways

BY DAVID HOUSEGO

THE FRENCH state railways (SNCF) has joined the growing list of public sector corporations announcing substantial losses again this year.

M Andre Chadeau, its president, said yesterday the SNCF was expecting a FFr 8bn (£678m) deficit this year but hopes to cut this to FFr 6bn (£508m) in 1984. This compares with a deficit of FFr 5bn last year, double that of 1981. The railways will also receive some FFr 29bn (£2.45bn) in government aid this year.

The news follows announcement of continuing heavy losses by the state steel sector. Usinor and Sacilor are expecting FFr 7bn of losses this year compared to FFr 9bn last year (which included FFr 2bn of exceptional write-offs).

EdF (Electricité de France) expects to reduce its losses by FFr 2bn this year but they will still remain a hefty FFr 6bn. Gaz de France forecasts a FFr 2bn deficit as well—only marginally down on last year.

The expectation of heavy public sector losses comes at a time when the Government is fearful that the state budget deficit will be higher than the projected FFr 117bn (£9.9bn). Lower tax receipts because of the slow down in the economy mean Finance Ministry officials now expect a deficit around FFr 127bn (£10.7bn).

Overall officials expect that the total state and public sector deficits this year will amount to about FFr 200bn, or slightly higher than last year.

Reflecting the substantial financing requirements of the Government, credit expansion by the banks to the public sector is expected to reach 20 per cent. This compares with only 10 per cent to the private sector.

Plan to boost robotics unveiled

BY DAVID MARSH IN PARIS

THE FRENCH Government yesterday announced a three-year programme to step up support for manufacturers of robots and other automated production equipment.

The package, which includes provisions for international collaboration, is aimed at giving financial aid and other forms of help to modernise existing companies and help create new ones.

In terms of robot population France lags behind not only the world leaders Japan and the U.S., but also West Germany, Sweden and the UK.

Speeding up the introduction of robots has been a continual preoccupation of the Socialist Government since it took power, both to help revitalise the crisis-ridden machine-tool industry and as part of general efforts to boost the electronics sector.

The plan, announced after yesterday's weekly Cabinet meeting, bears the imprimatur of M Laurent Fabius, the Industry Minister. His predecessor, M Jean-Pierre Chevenement, launched in July 1982, France's bid to close its robots gap when he put forward the objective of doubling manufacturing productivity over 10 years thanks to automated techniques.

The latest programme will enable companies which agree modernisation projects to benefit from state aid and loans covering equipment purchases, staff training and depreciation rates.

The Government also pledged it was open to "European co-operation" in building up specific industrial sectors in areas such as numerically-controlled machine tools or equipment for the textile or food industries.

Additionally, over the next three years the Education Ministry aims to improve training procedures enabling France to turn out several thousand technicians and engineers specialising in automation.

Saudis warn of threats to Lebanon ceasefire

BEIRUT — Lebanese Army tanks struck at Moslem militia positions in southern Beirut yesterday as Saudi Arahia, the prime mover in tha mediation efforts that led to the 10-day-old ceasefire, gave a warning that increased violations were threatening to rekindle the civil war.

Diplomats in Jeddah said hopes for convening a Lebanese national reconciliation council in the Saudi capital were dimming, and Mr Ali Hassan al-Shaer, Information Minister, said that the situation was once again "critical and dangerous."

A 30-minute dawn barrage of tank cannon on Shite Moslem militia positions yesterday followed a night of sniping and sporadic attacks using rocket-propelled granades on Army positions in the southern suburbs of the capital.

Lebanese President Amin Gemayel told his Cabinet yesterday that the date for a conference aimed at creating a national unity government acceptable to the warring factions could be set soon. However, diplomats in Jeddah said "the response of certain Lebanese factions to the round-table reconciliation conference has not been encouraging."

President Gemayel indicated that there was still disagreement on tha venue for the conference.

President Gemayel appears to have conceded to Syrian-supported opposition leaders that he is willing to accept observers from "non-aligned" nations to supervise the ceasefire.

Foreign Ministry officials said efforts were under way to create a "neutral observation force," possibly with participants from India, Yugoslavia and Greece.

The Saudi Information Minister said his Government was concerned about "renewed sniping incidents and inter-Lebanese movements within the Army. The situation as we see it has become critical and dangerous to such a degree that . . . it is no longer tolerable."

He gave a warning against Israeli "ambitions and plots" aimed at Lebanese interests.

Agencies

In the land of the rising lawyer, Tokyo holds key to success . . .

BY JUREK MARTIN IN TOKYO

IT IS OFTEN SAID that lawyers really run the United States, and probably a few other countries as well. But surely nowhere has any professional elite acquired such an iron hold on government as graduates of Tokyo University Law School have on Japan.

Last month, e Japanese magazine published a listing of the "movers and shakers" in the national bureaucracy. It did so principally to acquaint its readers with the real characters who are the powers behind the scene (it described one as "an elegant gentleman"—inevitably from the Foreign Ministry—another, from Construction, as "dauntless," and it noted that a third, from the Economic Planning Agency, did not drink but was nevertheless affable.)

But what was really striking was the educational background of the upper ranks of the civil service. Of the 138 top men (no women) in 11 ministries, no less than 85 were drawn from Todai, as Tokyo University's Law School is known.

If that was not enough, a further 33 graduated from other departments at Tokyo University, leaving only 20 as representatives of all the other establishments of higher education throughout the country: and this in a nation which takes great and justifiabla pride in the breadth and dept of its educational system.

In only one ministry, the Science and Technology Agency, did Todai graduates not form a majority of the upper ranks, though their classmates from the engineering and agricultural faculties took up the slack.

In the all-powerful Finance Ministry, for example, 27 of the top 34 posts were held down by Todai men; at the Ministry of International Trade and Industry it was ten out of 19 in the Foreign Ministry ten out of 14 and even at the Defence Agency five of seven.

Almost as revealing was the remarkable uniformity of age of the senior men. Of the 138 top people, only five were under 50 (and they were all 49) and only 12 over 57. This is a remarkable testament to the evenness of recruitment and, for the right people, certainty of promotion in the civil service, even if, by Western standards, it takes a little longer to get to the top.

Todai has long received the cream of the young Japanese generation and directed them ostensibly to government and the best alots in government. A Todai degree is not necessarily that closely related to the law itself.

In his book "MITI and the Japanese Miracle," Chalmers Johnson decribes Todai studies as "a superb education in public and administrative law of the continental European variety, a subject much closer to what is called political science than to law in the English-speaking countries." Thus the Todai curriculum includes compulsory courses in both economics and public finance.

Once in government, the old boy network in Japan proves quite pervasive. Todai graduates, while rising through the ranks of their respective ministries, still eat, drink and talk together in informal clubs. They thus add a certain cohesion to government that is rarely duplicated elsewhere.

They are also protected, to a degree, from the depradations of the politicians: in Japan, unlike the U.S., ministers change but civil servants remain. In any case it is quite common for hureaucrats to become politicians and even return to their old stamping ground as ministers or parliamentary vice-ministers.

They are also protected, by complex civil service examination and promotion regulations, from at least some of the competition that might be expected from the more technically-oriented young Japanese from non-establishment universities. Some critics have suggested that with a more mature Japan now confronting a different set of economic and social problems new blood could be useful.

Not that the Japanese magazine which reviewed the current upper echelons shares this view. Its thumbnail sketches of all 138 contains not a word of criticism of Japan's "best and brightest." It does say that one official at the Economic Planning Agency is "somewhat difficult to approach," but then hastily adds that he has "e nice personality and is well trusted by his subordinates."

Zapu denies merger talks end

ZIMBABWE'S opposition Zapu party yesterday denied that its unity talks with Mr Robert Mugabe's ruling Zanu-PF had broken down. It described as "fictitions and malicious" the report that it had demanded that its leader, Mr Joshua Nkomo, be appointed Deputy-Premiere, Tony Hawkins reports from Harrare.

At a news conference here, Mr Joseph Msika, secretary-general of Zapu, said there had been no breakdown in the talks

Homelands reject constitution

BY J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICA's proposed new constitution was yesterday rejected by the leaders of six of the ten "Homelands" through which the government plans to channel political development for the 20m black majority.

The Chief Ministers of Transkei, Kwazulu, Lebowa, Gazankulu, Qua Qua and Kangwane, meeting in Johannesburg, declared that it was unacceptable becausa it allowed for whita supremacy, made racial division the state's guiding principle, and excluded 72 per cent of the population.

They added that the constitution would destroy the prospects of a negotiated future for South Africa, and said that the idea that the homelands system could be realised in practice was a false assumption.

The homeland leaders are seen in Johanneshurg as being "moderates," since they have agread to cooperate, to a point, with the government. Their critics prefer to describe them as "stooges."

The fact that they have joined the radical and urban hlack organisations which have already deplored the constitutional proposals confirms the unanimity of hlack rejection.

The leaders of the homeland grouping have been Chief Gatsha Buthelezi of Kwazulu and Dr Cedric Phatudi of Lehowa.

Unity bid by Indian opposition

By K. K. Sharma in New Delhi

A MAJOR EFFORT was launched yesterday by opponents of Prime Minister Indira Gandhi, to form a united front against her in a bid to dislodge her ruling Congress(I) Party from power when the next general elections are held, possibly as early as next spring.

Leaders of the country's fragmented opposition yesterday began a three-day conclave at Srinagar, capital of the northern state of Kashmir which was the last of 11 states in which Mrs Gandhi's party has lost a series of elections in the past two years. Kashmir's chief minister, Dr Ferooq Abdullah, who heads the local National Conference Party, is hosting the opposition conference.

This is being attended by representatives of most of the principal parties opposed to Mrs Gandhi although they diverge widely on ideology with the two major Communist parties of the country on one hand and such Right-wing groups as the Sikh Akali Dal of Punjab on the other.

Traditional opposition disunity has been the main reason for the success in national elections of the Congress Party which has had a virtual unbroken spell of power since Independence in 1947. The only break came when the Janata Party formed by the merger of the main non-Congress parties defeated Mrs Gandhi in the 1977 general election. The experiment lasted a bare two years before the warring groups in the Janata dismantled tha organisation and enabled Mrs Gandhi to win easily in the 1979 general election.

Parliamentary general elections must be held by the end of next yeer hut many believe Mrs Gandhi will hold them earlier to take advantage of the continuing disunity among her opponents. Because of the traditional disunity, the Congress has usually been able to win three-fourths of the seats in Parliament although it has never won more than 42 per cent of the total votes polled.

The efforts being mada now to form a common front against the Congress by the 15 or so opposition parties face almost insurmountable hurdles. Ideally, they hope to contest the elections in straight fights with the Congress so that the anti-Congress vote is not divided among its many opponents.

But the enormous difficulties in reaching agreement on this became immediately evident when frantic last-minute efforts to persuade the newly-formed Netional Democratic Alliance to take part in the conference failed. The Alliance was formed recently from the Bharatiya Janata Party (Indian People's Party) and the Lok Dal (People's Party), two of the strongest right-wing groups.

Execution of 5,000 in China

By Mark Baker in Peking

ALMOST 5,000 people will soon have been executed in China's anti-crime purge. Western diplomats already estimate that more than 4,000 have been killed in the last two months.

The figures are based on details of mass executions in more than 30 cities confirmed by diplomats, correspondents and tourists, and evidence of other killings.

A Communist Party document issued at the end of July and circulated to security officials ordered the arrest of 50,000 suspected criminals by mid-October. It is also believed to have stipuleted that 5,000 of them be executed.

The party hierarchy is also believed to have set a further target of ot least 100,000 arrests by next February.

As part of the purge, the death penalty has been extended to a wider range of crimes, jail terms have been stiffened for many other offences, and petty criminals are being sent to join labour teams in remote areas.

The Government has pressed for the death penalty whenever it is an option. Regional police and courts have been given the power to try people for serious crimes without the normal seven-day wait, and the appeal period can be cut from 10 to three days.

The purge has been concentrated in two "waves" of arrests, the first beginning on August 8 and the second on September 17. A third wave may be contemplated.

Mass executions were highlighted by the shooting of 30 people after a rally in the Peking workers' stadium on August 23. More than 80 criminals have now been executed in Peking.

There have been an average of about 50 executions in each of the biggest cities in eastern China. At least 61 people have been shot in the industrial city of Chongqing in the south-west and 94 in nearby Guiyang.

Diplomats have estimated that with this level of executions in the biggest cities, and evidence of other killings in smaller cities and provincial areas, a total of 5,000 may heve already been reached.

"Onr figures are based on a very conservative method of calculation. It could be higher," said one senior Western diplomat.

The purge still appears to be concentrated on conventional crime.

● A Chinese Foreign Ministry spokesman denied yesterday claims by the Dalai Lama that six political dissidents had been execnted in Tibet last He said those executed had been ordinary criminals.

Sri Lanka loan pledges

BY MERVYN DE SILVA IN COLOMBO

SRI LANKA has announced a $100m stand-by loan from the IMF and a $210m loan pledge from the World Bank for "structural adjustments in the economy."

The announcement was made in Colombo by Mr Ronnie de Mel, Finance Minister, who said that neither the July violence nor Tamil propaganda seemed to have affected confidence in Sri Lanka.

The World Bank, which will send a negotiating team to the island next month, has called for immediate improvements in rehabilitation of the plantation sector, rationalisation of the tariff structure and agricultural price adjustments.

The Indian High Commission has received almost 100,000 applications for repatriation by Indian Tamil plantation workers in Sri Lanka.

South Koreans charged over bank loan scandal

SEOUL — Twenty-six people were yesterday arrested and charged in Seoul in connection with an alleged multi-million dollar loan swindle involving a leading South Korean bank, the Government prosecutor said.

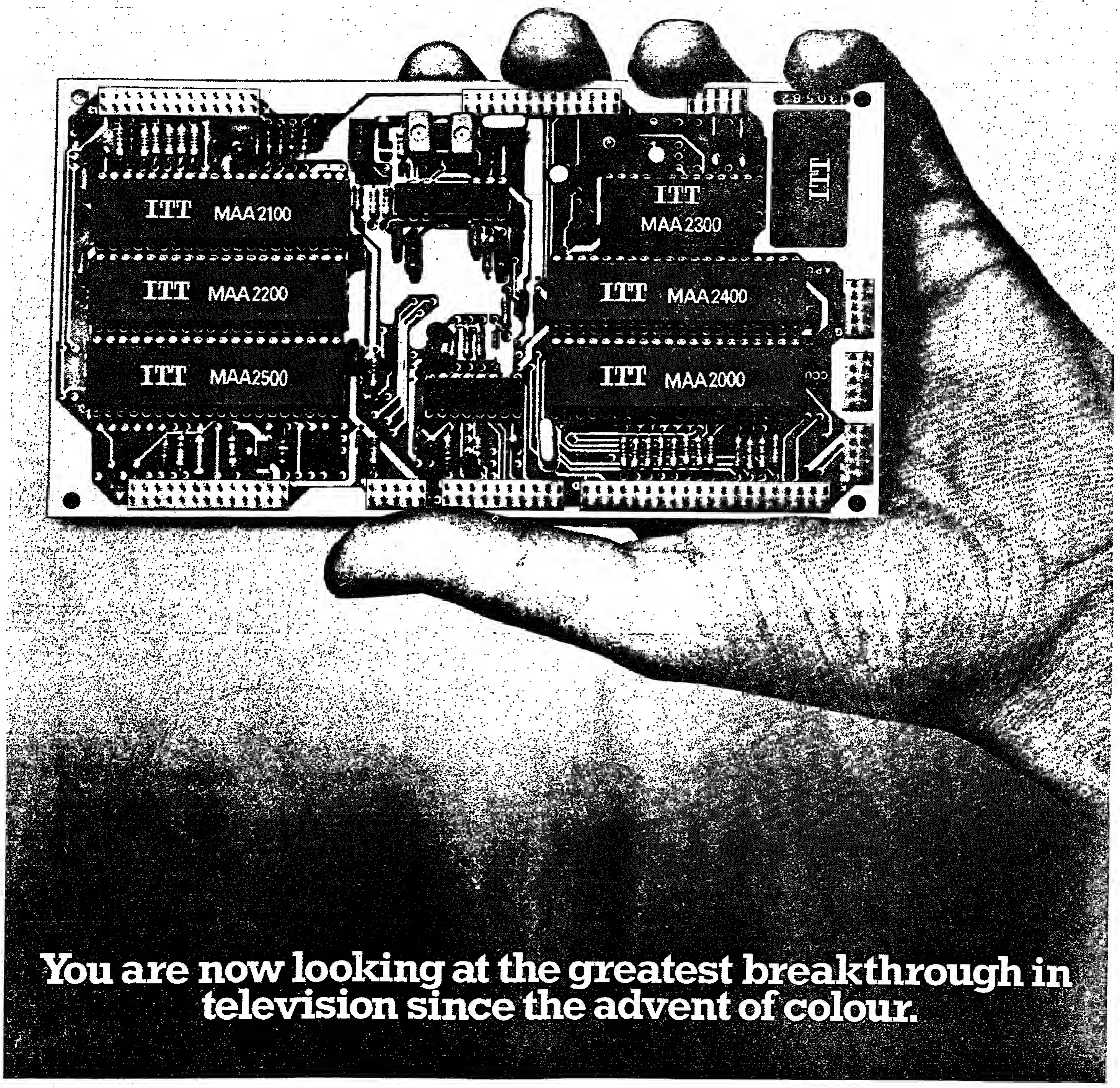
They included 18 former officials of Choheung Bank, and were charged with breach of trust, forgery and breaking banking laws in the alleged swindle involving Won 167bn (£150m).

The prosecutors said that the former officials of the bank, one of five Korean city banks, had collaborated in illegally issuing promissory notes to two companies.

Lee Bok-Rya, 64, and her son Kwak Kun-Bae, 43, chairman and president respectively of the two companies, Yongdong Development, a property concern, and Youngdong and Shinhan Cast Iron, were among those charged.

Choheung said Won 47bn worth of notes had already been encashed. The rest were still in circulation, but it would honour them even though they were issued illegally.

About 20 people, including a former Minister, eight Government officials and four officials of another bank were charged in August in a similar case involving millions of dollars. —Reuter.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LATIN AMERICAN DEBT CRISIS SPARKS SPIRIT OF CO-OPERATION

Banks, IMF in shotgun marriage

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

ONE OF the few consolations for international banks caught up in the Latin American debt crisis has been the way in which the International Monetary Fund has stepped forward to police the economic austerity programmes of the hard-pressed debtor nations.

Without the IMF's intervention, there would have been little prospect that many of the countries concerned could have avoided a default on their foreign debts. Capital flows would simply have dried up, making it impossible for them to meet their interest bill. But, with the imposition of tough economic policies on the debtors and the orchestration of massive new loans from banks and governments, the IMF has ridden to the rescue of debtors and banks alike.

A year after the Mexican crisis first erupted, it is still common to hear bankers congratulating themselves publicly on their new and close partnership with the IMF. Yet underlying such statements is a different, private truth. Both sides know that they have been dragged by the crisis into a shotgun marriage. Much effort will still be needed for this to evolve into a productive long-term relationship.

Before the crisis it was hard to conceal the ambivalence of the relations between the IMF and commercial banks. The Fund was reluctant to pass on information it had acquired in confidence from debtor nations. The banks were reluctant to listen to warnings from the Fund that they might be overextending themselves with loans to the developing world.

When the crisis broke everyone agreed that the early warning systems had failed. For the longer term, an effective early warning system was supposed to be the lasting fruit of the new spirit of co-operation.

Yet this preventive mechanism has been far more elusive than many people hoped. "Crisis management is easy," says one senior banker. "It's afterwards that things get really tough." And it is worth remembering that the debt crisis has been largely confined to Latin America. Bankers dealing with other parts of the world, Asia and Europe particularly, could benefit today from an improved dialogue with the Fund.

The problem for the IMF is two-fold. First, it still finds it hard to pick the right moment to "flash warning signals" to the banks. Second, it is still deeply uncertain about what is the right channel of communication.

The IMF has long argued that member countries would benefit by coming to it for help long before their payments problems reach crisis proportions. Mexico, for example, would have been spared this year's agonising austerity if it had applied to the IMF for a loan in 1980 instead of 1982.

But it is hard for the IMF to impose such a discipline on a country like Mexico when it still has almost unrestricted access to commercial bank credit. Such is the competition in the loan market that some banks will always be willing to carry on lending right up to the last minute. Fund officials know they would not be thanked for seeking to interrupt this process by warning the banks off too early.

Moreover, such warnings risk offending the member government concerned if they are issued to all and sundry. The offence is bound to be all the greater if the government involved is an industrial nation with a large quota in the Fund.

Until the recent and dramatic turnover in its foreign trade accounts, France, for example, was sometimes dubbed the "Mexico of Europe" because of its astonishing borrowing spree in 1982. Imagine the furore if there were suggestions that the IMF had warned the banks about their loans to France.

But the concept of fair play for all means that any early warning system must apply equally to industrial countries as to developing nations.

In any case, it is moch harder to determine when an industrial country is overextended. Its finances are much more complicated than those of a developing country.

For example, most industrial countries have extended large loans to other nations in the form of export credits. This makes their net debt much smaller than their gross debt. By how much, is however, hard to judge when the loans have been granted to countries such as Poland and Iraq. Net debt also fluctuates from minute to minute with countries whose banks are fully active in the international interbank market.

Given time, it is possible that the IMF may manage to overcome some of these problems by dealing with the newly formed Institute of International Finance, which was set up by the banks to study country risk. Membership of the Institute now includes some 180 commercial banks from 40 countries and M Andre de Lattre, its Managing Director designate, says it plans to start sending missions to selected debtor countries early in 1984.

These missions are likely to be briefed by the IMF before and possibly after their visit to a debtor country. But the Fund will still feel constrained by its confidential relationship with member governments not to give away information that is not freely available in the country concerned. Moreover, the Fund is unlikely to volunteer any information gratuitously – "It will depend on what questions we ask," says one banker.

Meanwhile another question may become more urgent. Shotgun marriages are notoriously short-lived and the IMF is already stretching its partnership with the banks to the limit by using it to arrange a series of large loans to debtor countries. Brazil's $6.5bn credit is already the second such loan for that country and everybody concerned knows that the time may come when banks will simply refuse to put in yet more.

U.S. oil imports will rise

By Anatole Kaletsky in Washington

U.S. OIL imports will rise from the 1982 level of 4.3m barrels a day (b/d) to about 5m b/d by the year 2000 and will continue to provide about 12 per cent of the nation's total energy requirements.

According to the Reagan Administration's revised National Energy Policy plan, transmitted this week to Congress, oil prices will remain stable at about their present level throughout next year, rise gently until 1990, to between $26 and $40 (in 1982 dollars), and reach somewhere between $36 and $80 a barrel by the end of the century.

The plan, a biennial statement on energy policy required under legislation passed in the wake of the first oil crisis, shows a small but significant shift in the Reagan Administration's emphatically free-market energy philosophy.

Although it continues to call for a further easing of Government restrictions on nuclear power plant construction and oil, gas and coal exploration, the plan also focuses on the need for conservation and development of renewable energy sources.

It points out that, even with accelerated development, fossil fuels and nuclear power will not ensure the security of U.S. energy supplies in the coming decades.

Although it contains no specific legislative proposals, the plan implies that the Reagan Administration may have become more willing than in the past to see Federal Government money spent on conservation and energy research. In the past, President Ronald Reagan has attempted to reduce federal energy research funding and has eliminated altogether a number of energy programmes.

Pilots predict bankruptcies

BY TERRY DODSWORTH IN NEW YORK

MR HENRY DUFFY, President of the 34,000-strong U.S. Pilots' Association, has predicted further Chapter 11 bankruptcy proceedings in the airline industry unless the Government steps in to soften the impact of its deregulation measures.

At this week's convention of the AFL-CIO, the trade union umbrella organisation, Mr Duffy said that the airlines needed to reintroduce a system to put a minimum floor under the fare structure.

Without such a system, he said, the airlines would continue the fare wars which were leading some of them into deep financial trouble and could well produce further bankruptcies.

Mr Duffy's remarks came only 10 days after Continental Airlines, the Houston-based carrier, filed for the protection of the bankruptcy courts to give it time to push through a sweeping financial reorganisation and wage cutting programme.

The association is threatening a general strike to bring home its concern over the deregulation issue. But in the past few days, it has moderated its earlier militant tone in favour of more emphasis on negotiation.

EEC letter warns Japan of 'grave concern' over trade

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE PRESIDENT of the EEC Commission, Mr Gaston Thorn, has written to Prime Minister Nakasone of Japan to express the Community's "grave concern" about the deterioration of EEC-Japan trade relations, it was learned yesterday.

Mr Thorn's letter was delivered to the Japanese Foreign Minister, Mr Shintaro Abe, by the head of the EEC'a Tokyo delegation. Mr Laurens Jan Brinkhorst.

Before handing the letter over Mr Brinkhorst told the Foreign Minister that the EEC was worried about the apparently leisurely manner in which Japan appeared to be moving to settle its trade prohlems with western nations. EEC officials afterwards used the word "complacent" to describe the Japanese attitude.

The EEC is waiting impatiently for a package of import promotion measures which Japan has promised to produce around the middle of the month — but which Mr Abe yesterday indicated might prove disappointingly limited.

The contents of the package is to be studied at e meeting of the EEC Council of Ministers scheduled for October 17 et which "significant" decisions about EEC-Japan relations could be taken.

If the Japanese package is not ready by the time of the EEC meeting the Ministers "could" decide to defer their discussions on Japan until November, Mr Brinkorst said last night. He added however that he thought this unlikely.

The EEC is concerned about the fact that Japan's imports hava continued to fall this year although exports are rising healthily and about the absence of what it descirbes as a genuine Japanese "import promotion strategy." A further acceleration of the Tokyo round of tariff cuts is one measure being proposed by the Community.

Mr Brinkhorst claims that Japan has also been repeatedly reminded of specific Community requests relating to tariff "peaks."

Another Community complaint reletes to the time that Japanese bureaucrats are alleged to bave taken over approving certain kinds of investment epplications. A major European insurance company is said, for example, to beve waited 18 months to receive a "preliminary licence" to do husiness in Japan.

Japan's surplus with the EEC is expected to grow hy around 6 per cent during the current fiscal year and to $120bn. This represents e much smaller increase than that expected for Japan's surplus with the U.S. The EEC however elearly suspects that any import measures Japan may announce over the next few days would be designed to satisfy the U.S. rather than Europe.

Japan Air Lines' decision to huy Boeing aircraft rather than European Airbuses came as a severe disappointment to the EEC although officials deny that the decision has affected the wey the EEC is likely to act towards Japan in future.

Philips VCR may be sold outside Europe

EINDHOVEN — NV Philips Gloeilampenfahrieken said lt is studying the ldea of making its own VHS vldeo cassette recorders for markets outside Europe.

Currently Philips sells Japanese-made video cassette recorders (VCRs) ln the U.S., Australia and New Zealand under its subsidiaries' names, while in Europe Phillps markets its own V-2000 recorders.

In e statement Philips said the number of VCRs it sells outside Europe has increased, leading the company to consider making its own for export outside Europe.

Philips also announced lt will launch e V-2000 recorded in early 1984 capable of recording for 16 hours on one cassette.

Improvements in the recorder heads and tape will allow Philips to cut the speed at whieh the tape runs through the macbine and double bte current eight hours playing time.

In the second half of 1984 Philips said it will launch an 8mm camera/recorder combination.

It has a 6X motorzoom lens an da half-inch newvicon camera tuhe. The recorder is designed through the camera's electronic viewfinder or directly via a colour TV set.

Reuter

REPORT FORECASTS STAGNANT OR FALLING EMPLOYMENT

Motor sector will create fewer jobs

BY BRIAN GROOM

MOTOR INDUSTRY employment in North America, Europe and Japan is likely at hest to remain stagnant over the next 20 yeers and et worst could fall by up to 37 per cent, with the loss of nearly 1m jobs among workers directly employed in making cars and lorries.

This forecast is emerging from research by the Future of the Automobile Programme, a project based at Massachussets Institute of Technology which involves governments, companies, unions and academics from all the main vehicle-producing countries.

The trends are closely watched by governments, because motor industry jobs have a key economic role. As a perceotage of total industrial employment they range from 3.7 per cent in the U.S. to 7.2 per cent in France, and maintain many more jobs in related industries.

The research, as yet unpublished, expects world demand for cars and lorries to grow hy about 2 per cent a year. Any expansion in job opportunities caused hy this would be wiped out by growth in labour productivity, which is expected to occur within a hand of 2 to 4 per cent a year.

Motor industries are expected to continue to provide significant numbers of johs, but their post-war role of creeting new jobs is over. Car workers will continue to earn more than the average industrial wage, but their differential will be smaller.

The ehallenge for eompanies is seen as how to develop improved pay systems and working practices to meet tecbnological change and competition, at a time wben stagnant employment makes it difficult to recruit more highly-trained workers from outside.

The research identifies two conflicting conclusions being drawn in the West from Japan's startling productivity growth: for some, Japan's success results from lack of union interference in management decision-making, underlining the need for the West to re-assert management's right to manage; for others, a high degree of co-operation between management and labour is the key to Japan's progress.

Governments eould assist this by: resisting pressures to remove legal protection from dismissal; encouraging shorter working bours, reduced overtime and bring in early retirement; promoting industrial democracy, perheps by legislation; changing tax law to encourage sbare ownership by workers; changing tax and legal policies to encourage payment of company bonuses.

Turkey signs $205m loan from AEIBC

BY OUR ANKARA CORRESPONDENT

TURKEY has signed a $205m (£127m) medium-term loan from American Express International Banking Corporation for public sector purchases from the U.S., 85 per cent of which is guaranteed hy the U.S. Export-Import Bank.

The credit followed a pledge hy the Eximbank last April to guarantee or make available np to $200m to Turkey if Ankara raised 15 per cent from other sources.

It is a further boost to Turkey's efforts to fully re-establish lts credit-worthiness in international markets after being forced to reschedule some $3.5bn of foreign debts at the end of the 1970s. In July this year, Turkey signed a $200m medium-term credit with a syndicate of 33 foreign banks, the first it bad obtained for balance of payments financing from international markets since 1977.

Mr John Stinehcombe, manager of the American Express braneb in Istanbul, said this week's loan was the largest extended to Turkey by the hank itself. He pointed to the low margin charged on the eredit as an example of his bank's confidenee. The interest rate will be set every six months at 0.5 of a percentage point over Libor.

The loan is divided into two parts, the first for $30.75m with a five-year maturity and two years' grace for use by publie sector huyers for down-payments. The remainder is guaranteed hy the Eximbank and has a 10-year maturity with grace periods varying from two to fonr years.

The money will be used chiefly for buying American communications equipment, mining plant and road hnilding machinery.

Danish yard wins U.S. ship order

By Hilary Barnes in Copenhagen

ODENSE SHIPYARD, owned by the Maersk (AP Møller) shipping group, bas obtained an order to build two container vessels for Deltaline, based in New Orleans. The deal, which also provides for an option on two other vessels, is thought to be worth DKr 400m-DKr 500m (£28m-£35.5m).

Delta has used a hrief lapse earlier this year in the restriction which normally prevents American owners from operating ships under American flag if they are built ahroad. It is, therefore, the first time a Danish yard has won an order to build a freight vessel for a U.S. commercial owner.

The two vessels are for delivery in late 1984 and first qusrter of 1985 and mean that a planned reduction in the yard's 3,200 labour force can be averted.

Delta's options will not be eonfirmed for some weeks. No details ebout the ships have been released, but lt is believed that they will have e capacity to carry 1,800 containers each. They will operate on U.S.-South American routes.

The Odense yard bas a reputation as one of Europe's most efficient. Last year it made e profit of DKr 60m.

Hong Kong support for China power deal hinted

BY ROBERT COTTRELL IN HONG KONG

THE Hong Kong Government has given its provisional support to Chinese plans to build a nuclear power station at Daya Bay in Guangdong province. The plant has been planned as a joint venture between Chinese state investors and Hong Kong's privately-owned power utilities.

Power sales to Hong Kong would yield the foreign exchange to service the loans needed to build the plant, whose cost has been estimated at up to U.S.$6bn.

Sir Edward Youde, governor of Hong Kong, said yesterday that the Government had received from its merchant banking advisers, Lazard Brothers of London, a study of the implications for Hong Kong of huying power from the Guangdong Plant.

The study, he said, raised issues which would have to be discussed with the Chinese authorities. "Our preliminary assessment," he said, "is that, provided these discussions prove satisfactory, it ought to be possible to negotiate an off-take agreement which would be to the benefit of all concerned."

The Guangdong nuclear power station was approved ln principle by the Chinese Government last year. As envisaged hy a feasibility study completed in 1980, it would feature two 900 MW pressurised water reactors. The station has been planned as a joint venture hetween the Guangdong Power Company, and the Hong Kong utility China Light and Power. It is also thought that Hong Kong's other utility, Hong Kong Electric Holdings, and the Hong Kong Government itself, may have roles to play in the project.

The Hong Kong Government regulates the finances of local utilities, making its approval necessary for any plans for the Guangdong station involving Hong Kong power companies. Sir Edward Youde has previously said that the government would only approve a commitment to nuclear power from Guangdong if the cost were to be less than conventionally-generated power arising in Hong Kong.

Indonesia plans to seek new markets for LNG

Pertamina, Indonesia's state-owned oil company, plans to explore additional markets for its liquefied natural gas (LNG), Pertamina president director Mr Judo Sumbono said, Reuter writes from Jakarta.

He said Pertamina has the potential to produce more LNG and it certainly intends to seek markets in addition to South Korea and Japan.

Indonesia recently signed a contract with South Korea to supply 2m tonnes a year from 1986. This brought its orders hy that date to at least 17m tonnes a year with the rest going to Japan.

Mr Sumbono said in response to questions submitted to him "In the first few years we shall have excess volumes of products but prevailing conditions at that time will dictate whether to export as products or as crude oil."

Mr Sumbono noted the third step ln the expansion timetable was the hringing on stream of the Dumai refinery in December. Cilacap and Balikpapan have already come on stream.

The effective capacity use rates on start-up will be 60 per cent at each of the refineries for several months before moving up to full capacity, he said.

The expansion will make Indonesia self-sufficient in petroleum products and there will be no more need for processing deals with Singapore refineries, he said.

Indonesia bas cut supplies of crude to Singapore to 75,000 b/d in the current quarter from 200,000 b/d in 1982, industry officials said.

Mr Sumbono said the rate of increase in domestic fuel consumption will slow to 6-7 per cent a year in the future, much lower than in the past few years.

● Indonesia has commissioned a study of how tbe weter supply needs can be met in 12 expanding towns around Padang in Western Sumatra, John Davies writes from Frankfurt.

The study, to be completed by the end of next year, will be carried out by Lahmeyer International, the West German consulting engineers based in Frankfurt.

The towns, with a total population of 300,000, are in the process of developing from agricultural centres to regional capitals.

Koreans urge Britain to switch imports from Japan

BY ANN CHARTERS IN SEOUL

KOREAN participants at the fifth joint conference of Korea-British Promotion Committees proposed yesterday that Britain's bilateral trade with Korea ($1.5bn last year) which is heavily in Korea's favour, could be improved if British goods were substituted for Korean imports from Japan. Examples given were chemical products, pharmaceuticals, metal and machine products, textile machinery, communications equipment, auto parts, rolling stock and equipment for ships.

Britain is Korea's fourth largest market for exports worth $1.1bn last year, Korea imported only $403m worth of British goods, chiefly machinery and capital goods.

The Duke of Kent leads the UK economic mission. Mr Geoffrey Nichols, vice chairman of the British Overseas Trade Board, is chairman of the British-Korea Business Promotion committee. Thirty delegates from leading British companies including Vickers, Rolls-Royce, GEC, BOC Group, Davy, British Aerospace, Pyo and the Beecham Group attended the meetings.

The mission is here to commemorate 100 years of formal diplomatic relations between Korea and Britain and to promote economic cooperation.

UK NEWS

LABOUR PARTY CONFERENCE

Unions support call for minimum wage enforced by law

BY JOHN LLOYD, INDUSTRIAL EDITOR

DELEGATES at the Labour Party conference in Brighton yesterday voted by an overwhelming margin for a statutory minimum wage. The vote marks a deep and significant shift in the position of the trade unions, which ensured that the motion was carried.

Only one major union, the Transport and General Workers, voted against the motion, after Mr Rodney Bickerstaffe, the general secretary of the National Union of Public Employees, made a strong speech for its acceptance.

The wage would give the 6m workers earning less than the official definition of low pay a minimum of two thirds of average earnings.

Other unions, such as the Engineering Workers, the white collar union ASTMS and the General Municipal and Boilermakers' Union, swung in behind the position. Mr Dick Pickering, the GMBU chairman, told the conference, "We have investigated the situation and come to the conclusion that we must have legislation."

Ironically, Mr Bickerstaffe did not call for the card vote which would have demonstrated that the two-thirds majority needed for the automatic inclusion of the vote's result into the party manifesto had been reached.

Mr Bickerstaffe's triumph will have wide-ranging results. First, the current Trade Union Congress review of unions' positions on the issue will presumably discover a very large majority in favour of a statutory minimum wage – and that would thus become TUC policy next year or the year after.

Second, a TUC committed to such a policy would no longer be wedded, even theoretically, to free collective bargaining.

Job policy of Tories 'control by fear'

By Kevin Brown

THE GOVERNMENT was accused by Mr Tony Benn, the former left-wing MP, at the Labour Party conference yesterday of using unemployment as "an instrument of social control by fear."

Mr Benn, who lost his parliamentary seat at the general election in June, won a huge ovation from delegates as he wound up an angry debate on unemployment

Delegates voted overwhelmingly to condemn the Government's employment policies and called for job creation through employment subsidies, part-time working and job sharing. But a resolution calling for a 35-hour week, retirement at 55, a massive public spending programme and nationalisation of any company threatening redundancies was rejected.

Cabinet plan to rein spending for the decade

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

SENIOR Cabinet ministers are planning a major campaign to rein back the growth of public expenditure during the rest of this decade.

Discussions have now moved to the nature of a document which could be released to the public following a report last year by the think tank committee on public spending for the rest of the decade.

This was followed by a Treasury report based on detailed work by spending departments on the shape of public spending which could be expected in 1990-91.

The Treasury projections showed that on very pessimistic assumptions about growth, substantial tax increases would be needed to finance current trends of public spending if public borrowing were to be kept down to 2 per cent of national output.

The Prime Minister and some other ministers were very reluctant to publish this document in spite of extensive leaking at the time of the election.

However, Mr Nigel Lawson, the Chancellor, is now anxious to open up a wide-ranging public debate on the difficulties of reconciling the current rate of increase in public spending in real terms with an era in which economic growth may be relatively slow.

However, he is torn between a desire to emphasise these possible dangers and his belief based on recent evidence that the UK economy is now set on a relatively strong recovery path.

It has been increasingly recognised in the Cabinet that a major effort of public persuasion will be needed if the growth of public spending is to be contained enough to allow room for significant tax cuts in the life of this Parliament.

Duncan oil field given go-ahead

By Ray Dafter, Energy Editor

THE GOVERNMENT has approved development of the Duncan oil field in the North Sea which could provide between £100m and £130m worth of orders for the hard-pressed offshore supplies industry.

Duncan, operated by Hamilton Brothers Group of the U.S. will be the first new field to be approved under the more lenient tax package introduced in the Budget earlier this year. Tax incentives were offered to encourage the development of small fields like Duncan.

Mr Alick Buchanan-Smith, Minister of State for Energy, said, in approving Duncan, that there was likely to be a greater continuity of development projects. About 30 projects were under discussion.

He said that Duncan would be the forerunner of several new projects which the Goverment hoped to approve over the next few months.

Property agency censured

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

MANAGEMENT ATTITUDES and procedures within the Property Services Agency (PSA), which provides and manages more than £10bn worth of government property, were severly criticised in a report published yesterday.

The report, requested by the Government, follows an 18-month investigation into PSA activities and reveals serious weaknesses. It calls for urgent changes in management structures and attitudes and recommends "strong leadership" to eliminate the problems.

The investigation was sparked off by fraud and corruption cases exposed within the PSA between 1976 and 1982. Nearly 50 separate incidents were uncovered and 61 PSA employees were dismissed.

Losses, which were confined to minor new works and maintenance operations, are thought to have amounted to about £100,000 a year. The PSA, which employs more than 30,000 people, spent £685m on this type of work in 1981-82, involving 1½m separate contracts. It spent an additional £405m on major new projects.

The report attacks the PSA's systems of internal control, which it says largely fail to prevent and detect irregularities. It claims management has been reluctant to acknowlege problems and has proved complacent in handling them, even when specific irregularities have been identified.

The management is criticised for other shortcomings, notably its failure to fully understand financial control, its inability to prevent or detect irregularities and its unsatisfactory policy for disciplinary action.

Associated Octel to cut workforce

By Ray Dafter, Energy Editor

ASSOCIATED OCTEL, which manufactures an anti-knock agent for car engines, is to shed 450 jobs – 17 per cent of its staff – following government legislation to reduce lead in petrol.

The company, owned by a consortium of oil corporations, is to close a lead additive plant at Northwich, Cheshire, and cut back activities at other operating centres. It said that the review of company's operations resulted directly from the Government's decision to reduce the lead content of petrol by two-thirds from January 1986 and to press for lead-free petrol within the European Community.

The company added that the rundown of staff over the next three years would largely be achieved through early retirement and "natural wastage". Efforts would be made to develop "new and diverse" business ventures.

Associated Octel – in which BP, Shell, Texaco, Mobil and Chevron are major shareholders – specialises in manufacturing lead alkyl compounds.

The company, which would not divulge turnover or manufacturing capacity, said that a two-thirds reduction in the lead content of petrol would reduce demand by 16,000 tonnes a year.

Jobs report offers new hope to the unemployed

BY BRIAN GROOM, LABOUR STAFF

EMPLOYMENT PROSPECTS may have reached a turning point, the Manpower Services Commission (MSC) suggests in its latest Labour Market Quarterly Report published yesterday.

Preliminary indications are that the number of people in work rose by 25,000 in the second quarter of 1983. This is the first quarterly rise since 1979, and follows a decline in net job losses during 1982 and the first quarter of this year.

The rate of increase in unemployment has also slowed down. It was less than 10,000 a month on average, excluding school-leavers, in the three months ending in August, compared with more than 20,000 a month earlier this year.

Tales of the Unexpected

A suitcase of dirty clothes and two more days in New York.

12.45 Thursday

You're about to check-in for BA194 JFK to LHR.

A bit tired. It's been a wearing three days.

It's Thursday.

You'll have the week-end to recover. It's good that you're tired. However short the flight it's always more bearable if you can sleep through most of it.

You receive a message just before trusting your baggage to the all-consuming conveyor belt. And just before you make a mental note to get one of those all-consuming bags that you can take on board and are advertised in all the in-flight mags.

The gist of the message is that you've got to stop over for at least another 24 hours.

Someone from the LA office will join you and both of you will re-present your proposals to the client tomorrow.

12.55

Ten minutes later you're desperately trying to make order out of chaos.

You've got a suitcase full of dirty clothes and three dollars.

The three dollars you were going to use to pay for your last few soft packs of cigarettes for the flight.

So you go to the 24 hour airport bank and cash your remaining sterling into dollars.

Just enough to pay for cabs and tips.

Your Diners Card is going to have to work overtime and get you out of another sticky situation.

Back to the Plaza. With a bit of luck you can possibly get your old room back.

Not that it matters.

Not only do they take Diners but it's one of the few hotels where when you wake up you know you're in the Plaza, N.Y. Not an anonymous room anywhere in the world.

They also get your international calls for you. So it's easy to ring home and explain the delay to your wife.

It's easy to ring.

17.05

It isn't so easy explaining.

No time to make it down to Saks just below St. Patrick's Cathedral on 5th Avenue so you pop into the men's shop on the lobby level to pick up a spare shirt, socks and a pair of other-things before they close.

17.15

Just before you go you ask reception to book you a table at The Gold Coin, 2nd Avenue.

If you have to stay another day in New York at least you'll eat your way through a good New York prime.

Naturally, they take Diners.

Next day, the porter is as efficient as before, the Hertz car is outside at 7.

The minimum of formalities.

No deposit, just a signature as you're charging it to Diners.

07.30 Friday

Out across Brooklyn, back to Kennedy to meet your Californian colleague.

A quick bite at the airport (you get your colleague to pick up this one), then upstate to the presentation at White Plains, 55 minutes away at a constant 55.

A sensible speed for you as you're driving on the wrong side of the road.

Not for anybody else, though.

Somehow you get caught taking the three clients and the two of you to lunch.

But as it's a celebration you don't mind a lot. (Your colleague wants to eat sushi but you really can't face raw fish, so you compromise and settle on Szechuan in Scarsdale.)

Thank goodness your Diners Card has no limit. You know it can cope.

21.00

Then its back to JFK in time to pick up presents for the wife and kids. More expensive than normal because you've missed one of their birthdays.

The airport shops are used to this.

They aren't exactly cheap but they do take Diners.

09.40 Saturday

A little over seven hours later you and your Diners Card arrive back at Heathrow.

It's raining.

Somehow you don't mind one bit.

Director of Membership Enquiries, 10/Q
Diners Club Limited, Diners Club House, Kingsmead, Farnborough, Hants. GU14 7SR.
Please send me an application form for a Diners Club Card.

Name ....
Address ....
....
....

When you've learnt to expect the unexpected.

Investment code of conduct wanted

By John Hunt

A CODE of conduct to govern private investment in developing countries was called for yesterday by Mr Christopher Jackson, Member of the European Parliament, for Kent East and Conservative spokesman on the European Parliament's Development and Co-operation Committee.

Mr Jackson wanted to see a convention to protect institutions and companies which invest in Third World countries. This would include guarantees that their assets would not be expropriated.

At the same time, the European countries should be given undertakings that their investors – particularly the multinationals – would be good citizens in the countries in which they operate.

Mr Jackson was speaking on the eve of tho renegotiation of the Lomé convention which covers most of Africa, the Caribbean and the Pacific States. Ho wanted to see a further lowering of tariffs

With increasing pace of industrial development, the Third World would be producing goods to compete strongly with those manufactured in the EEC, bo said.

Textiles in better shape but recovery may be short-lived

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

AN UPTURN in production accompanied by a sharp advance in productivity in the past six to nine months heralded the end of the depression in the UK textile industry, Mr Ian MacArthur, director of the British Textile Confederation, said in London yesterday.

But he warned that the recovery had come from a very low base and "we cannot be certain that it will continue."

"Wo have therefore got to strengthen our competitiveness even further in order to retain the domestic market avallablo to us and to win o larger share of export markets, particularly in the EEC."

Mr John Lister, chairman of the confederation and chairman of ICI Fibres, warned there would be a need for some sort of extension to the Multi-Fibre Arrangement, the agreement which governs most of world trade in textiles and clothing, when the present pact, the third, runs out in 1986.

Mr MacArthur was speaking at the 10th Fabrex, the international exhibition devoted to the fabric business. Tha progress of Fabrex, which has built up to a record 390 exhibitors since it was inaugurated five years ago mirrors the recovery which is now becoming apparent in the textile and clothing sectors of the industry.

"The firms that have survived the recession did so because of their basic strength and resilience," Mr MacArthur stated. "These are the very qualities that will enable them to thrive if the world continues its slow move out of the economic depression."

Output of textiles and clothing now amount to £10bn a year, be said, which represents an added value of well over £3bn. "That is nearly double the added value of the aerospace industry, six times that of the computer industry and larger than the combined added value of the iron and steel, shipbuilding marine engineering and computer industries put together."

Looking to the future, Mr MacArthur forecast EEC growth in demand for textiles of less than 1 per cent a year and additional international competitiveness.

Managers' average pay rises 7.7%

BY MICHAEL DIXON

A MALE executive in Britain now has an average annual salary of £9,770 and extra cash earnings of £188 – about £2,500 more than the national averago wage for men, says the latest Reward salary survey published today.

The manager's figure represents an increase of 7.7 per cent over the past year, compared with 8.2 per cent over the previous 12 months. A further slowing of pay increases is indicated by o fall to only 3.8 per cent in the average rise over the last six months.

The twice-yearly survey also reports signs that salaries of managers in small companies are starting to increase faster than those of big-company executives, thus reversing a 20-year trend.

While the best paid minority are still receiving higher percentage rises than the bulk of managers, the differentials of executives as o whole have halted an increase which has gone on since 1981.

Both managerial and shop-floor pay levels are now increasing at the same 7.7 per cent rate.

Plan for steel swap may be abandoned

By Peter Bruce

MR ROBERT HASLAM, chairman of the British Steel Corporation (BSC), and Mr Bob Scholey, chief executive, are to hold talks in London today with Mr George Younger, the Scottish Secretary, on the future of the proposed "steel swap" joint venture between BSC's Ravenscraig works and U.S. Steel.

Mr Younger, an opponent of the deal, under which slab from the Scottish plant would be shipped for further processing at U.S. Steel's Fairless works in Pennsylvania, asked for the meeting after talks between the two BSC executives and Mr David Roderick, U.S. Steel's chairman, in Vienna earlier this week.

It seems likely thet Mr Younger will be told that the joint venture proposals – which have been more than 10 months on the negotioting table – will be scrapped in November in the face of mounting operational difficulties on BSC's side, over and above the financial, trade and political problems posed by the deal.

Under the original plan, some 2,000 Scottish steel jobs would have been lost because BSC intended to close the processing facilities at Ravenscraig. The prospect of using the joint venture to achieve both those redundancies and plant closures has receded. BSC is to modernise its bot strip mill at Port Talbot in Wales over tho next two years and will need standby rolling capacity.

Railway union raises levy to beat new law

By Philip Bassett, Labour Correspondent

BRITISH RAIL's largest union, the National Union of Railwaymen (NUR), is sharply increasing its political levy – members' contributions to the Labour Party.

The increase, from 25p per quarter to 65p, is the first trade union attempt to forestall the impact on political funds of the Government's proposals for union reform.

The NUR's political fund stood at £239,370 at the end of last year, but this was substantially reduced by a £52,534 contribution to Labour during the general election.

The higher levy will increase the fund by about £112,000 this year and £220,000 in a full year.

One reason for the decision bas been the increase in Labour's affiliation fees from 25p per union member in 1978, when the NUR's contribution level was last set, to 50p per member now.

However, Mr Jimmy Knapp, NUR general secretary, has acknowledged the important influence of the Government's forthcoming legislation. "Whot we are doing is to take steps to ensure by whatever means are necessary that effective democratic opposition to this Government is maintained."

Technology service urged

By Alan Cane

THE ESTABLISHMENT of a comprebensive advanced manufacturing development service to assist companies in the implementation of new manufacturing technology is urged in a government report, in a parcel of recommendations costed at £20m a year of new state money.

It suggests that an organisation complementary to the Agricultural Development and Advisory Service (Adas) should be created. UK agriculture is an £8bn industry supported by £52m of government money, it said, while manufacturing industry at £25.6bn is supported by only £5.34m.

"The critical importance of manufacturing industry to the UK suggests that treatment on a similar scale to that of agriculture is warranted."

The report, New Opportunities in Manufacturing (HMSO), by the Advisory Council for Applied Research and Development, says the new body need only cost £10m of new money by 1988.

French company loses action

Financial Times reporter

COMPAGNIE Française de Television has lost a long-running patent action in the High Court in London against Thorn Consumer Electronics, part of Thorn EMI, alleging infringement of its patent by the manufacture, use and sales of colour television receivers.

The French company began the action nearly 12 years ago and the cost is estimated to reach seven figures.

Mr Justice Falconer held that Thorn's receivers did not infringe the French patent, but dismissed Thorn's counterclaim that, if there bad been infringement, the French patent was invalid on a number of grounds.

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

International advertising

Ripples from across the pond

Feona McEwan explains why £80m of global billings is on the move

IT'S BEEN a week of "soap" opera in the advertising industry—with all the tensions and intrigues for which that genre is famous.

In rapid succession toiletries giants Procter and Gamble, Colgate-Palmolive and Beecham have all just drastically reorganised their advertising strategies, sending shock waves through the ad world and reshuffling at least £80m of worldwide billings.

It may be a mundane matter of soap and toothpaste to some outsiders, but given the gigantic sums it is a deadly serious business to those involved.

The drama centres on the decision of the New York head office of international agency Young and Rubicam to resign its longstanding Procter and Gamble account in order to take on P & G's rival manufacturer Colgate-Palmolive. It's a cardinal rule, and one about which multinational companies are particularly sensitive, that agencies don't handle rival accounts. Marketing strategies are safer that way.

This move, though major, comes as no great surprise to the ad world. The stage was set back in June when P&G fired Y&R (in the U.S. only) because of what it called "competitive conflict considerations." P&G has a reputation as one of the world's most loyal and professional clients but in return demands strict avoidance of competition and insists on its own campaign guidelines. It was only a matter of time, then, before senior Y&R management decided that the agency's long term future lay with newcomer, Colgate.

For London's Y&R—caught in the midst of what some analysts say is the largest account move in U.S. advertising history—the upheaval is considerable. P&G, with $120m to spend worldwide, is the king of UK advertisers; its affair with Y&R has survived 33 years and many an account executive including chairman Tim Davis, has grown upon its business.

A certain disbelief thus filled the agency when it heard the news. Out goes some £8m billings and in its stead comes Colgate - Palmolive business probably worth rather less, though the agency hopes it will be about the same. Colgate spreads its business across two other agencies, Ted Bates and Foote Cone and Belding.

CDP's Cinzano campaign—a classic victim of international realignment

Tremors like these reflect an accelerating trend among major advertisers towards international realignment — or logical rationalisation in adspeak. Companies, it seems, are finding it most cost-effective to concentrate their energies and resources on a centrally co-ordinated campaign with a small handful of international agencies rather than a clutch of local domestic shops, which prefer to create their own individual work.

Among significant moves this year, Parker upped sticks from Lowe Howard-Spink, where its campaign was much lauded, and set up house with worldwide agency Ogilvy and Mather; Cinzano, whose Rossiter and Collins ads (see illustration) won much industry admiration, defected from Collett Dickenson Pearce to Foote Cone and Belding; Max Factor moved from its temporary home at Saatchi to Wells Rich Green (UK) which already handles it in the U.S.; Lee Cooper, which had enjoyed a high creative profile with Zetland, flitted across to international giant Masius.

The domestic hot-shops who pride themselves on their creativity and knowledge of the local marketplace argue that mass-produced work is too often colourless and unpunchy and appeals to the lowest common denominator. The reverse is certainly true—the Lowes, Zetlands and CDPs have come up with admired creative work in recent years. In spite of this the accounts move on.

The Cinzano case illustrates the point that campaigns don't always travel well. Despite increasing market share, according to CDP, the Italian makers of the drink are reckoned to have thought that the campaign (with its drink-spilling scene) made fun of the product.

The global advertising argument, which Saatchi, among others, promotes, is that it is entirely cost effective to use one campaign worldwide. The British Airways campaign was designed to communicate, Esperanto like, across boundaries of 33 countries.

According to its latest annual report "the most advanced manufacturers are recognising that there are probably more social differences between downtown Manhattan and the Bronx, two sectors of the same City, than between Manhattan and the 7th Arrondissement of Paris. This means that when a manufacturer contemplates expansion of his business, consumer similarities in demography and habits rather than geographical proximity will increasingly affect his decisions."

Some companies are less concerned with creative worldwide strategy than with agency service. Beechams' recent decision to reduce its UK agency roster from 11 (two years ago) to seven (two weeks ago) was considered logical. By concentrating its expenditure in fewer international agencies it can count on a continuity of top service, from both management and creative teams. The risk of spreading the business more thinly is that a rival client may appear with a larger account, thus tempting the agency to drop the Beecham account.

It has been suggested in some industry quarters that one answer to the increasing problem of conflicting clients could be separately-maintained inner cells. This goes against the grain of many an agency philosophy which holds that variety of work by its staff is vital in order to stay fresh and avoid the pitfalls of becoming identified with a particular client.

Growing realignment is one factor forcing many agencies to consider overseas links. The most notable, of course, was the Lowe Howard-Spink reverse takeover of Wasey Campbell-Ewald, a UK subsidiary of the worldwide Interpublic group. The recent Pincus Vidler Arthur Fitzgerald merger with internationally linked SJIP/BBDO is another example. Then again, the NCK Organisation merger worldwide with Foote Cone and Belding last month is seen as a mutual strengthening in countries where there had been weakness.

In brief...

FACT FINDERS and data buffs will have a field day with the new Statistical Yearbook 1983 published by the Advertising Association this week. It covers the years 1970 to 1983.

The Yearbook, which its publisher claims to be a unique record of industry data, includes sections on product sector advertising trends and a new detailed account of advertising sales ratios, has been brought out for the first time in response to public demand. Previously the AA's advertising statistics have been issued through industry journals and its own annual Forecast. Copies of the Yearbook, which costs £6, are available from Newsich Communications (Advertising Press Division), 22 Bell Street, Henley-on-Thames, Oxon. (Telephone Henley-on-Thames 573675).

MONTHS of speculation over "whither Woolies" are over, with McCann-Erickson scooping the richest picking (£8½m) to come up for grabs in the industry this year.

Woolworth's woes are well recorded, likewise McCann's. Plagued with management shuffles and loss of longstanding clients, the agency was alone among the top 10 to show a loss in billings in 1982 and slipped a position in the Campaign league tables to number 5. However, following the arrival of chief executive Alban Lloyd and new creative director, Don White, fortunes may be changing.

"We're enormously encouraged by the Woolworth win," says Jerry Shively, executive vice-president of McCann-Erickson International. "It's a testament to the new vitality of the agency under the leadership of Alban Lloyd."

The agency has been recovering steadily through the year and this is the largest win in terms of billings since Lloyd took over. It gained considerable new business from old client Kodak when that company realigned its agencies in Europe, and clinched the Birds Eye corporate accounts and the Townsend Thoresen Ferry account against first class competition from other top agencies.

McCann previously worked on the Tesco account, engineering the famous Checkout campaign. Much of the original team remains intact even though the business moved on. This fact plus its work on Currys and Anglia Building Society is thought to have impressed Woolworth.

Prizes and price cuts in the hotel loyalty stakes

THE BATTLE for the loyalty of Britain's domestic business travellers has become sufficiently heated for market leader Trusthouse Forte to wheel in its big guns. THF will be spending around £1m over the next few weeks telling the UK business community, and more particularly the individual business traveller, why its hotels should be the first choice. It has launched the Premier Club.

"Premier" is another name in what is becoming an increasingly long list of tags for hotel loyalty schemes. The name of the game is encouragement of customers to spend more of their travel budget with a particular chain. The Premier Club rewards travellers for the number of nights they spend in THF hotels.

The idea is not new. Best Western Hotels has been operating its Executive Key Club for some time and Thistle Hotels (Scottish and Newcastle) is currently spending £100,000 promoting its business services, including an Accumulator Plan, which again rewards regular customers.

The difference between the Premier and Accumulator schemes and first generation business travel packages is that the new ploys are aimed at the individual rather than the corporation. Over the past decade most hotel groups have designed packages which have been aimed at enthusing corporate accountants—substantial discounts for a pre-determined rate of business.

The international chains were the first with these: Hilton has its Executive Business Service, Hyatt its Gold Passport, Intercontinental its Six Continents Club and Sheraton its Executive Traveller. THF itself has its Silver Cards and Gold Cards, which give differing discounts as rewards for bulk use.

As the stage was reached where the business traveller was likely to be carrying two or three of these cards at least so the value of them individually diminished. The next move was the introduction of Club floors, pioneered by Hyatt with its Regency Club, but now followed by almost every large city hotel of any consequence.

Now the game has moved to higher stakes and, perhaps, deeper into the executive pyramid. The THF scheme, like that of Thistle, is aimed at encouraging loyalty among middle and lower management personnel who are frequently on the road within the UK and who are using hotels of the Post House standard.

In each case the customer is given a card which is stamped by the hotel at each night stay. After ten such stamps Thistle gives the business traveller a free two night stay including spouse plus up to three children.

The Thistle Scheme appears more generous than the THF Passport system, but Thistle's is only open to people who already hold a Trumpcard—in other words are regular business travellers. THF's scheme is in theory open to anybody, but some 15 nights have to be spent at different THF hotels, at full published tariff, in order to qualify for a series of prizes.

THF reckons the UK domestic business travel market is now worth around £1bn a year, and Bob Collier, Sales and Marketing Director of THF Hotels says the group is not prepared to see much of that slip away to newly arrived aggressive rivals like Ladbroke, Holiday Inns, Crest of Thistle.

THF reckons that some of its former customers may not have realised what has been going on in many of the group's provincial properties recently. Some £200m has been spent on renovations and refurbishment.

Collier notes that while corporate headquarters may decide on broad strategies in terms of where staff stay, the actual business traveller makes the final decision. "We want to push people our way".

Collier's counterpart at Thistle, John de Trafford, echoes these words, talking enthusiastically of the business traveller "who accounts for over two thirds of our sales" and says "we decided to programme our product for that market".

The loyalty market in the UK is now fiercely competitive. Apart from those already mentioned rival operations include the Comfort Club of Comfort Hotels, the Consort Club (Consort Hotels), Privilege Club (Crest), Coronet Club (Embassy), Ladbroke Club (Ladbroke), Executive Club (Metropole Group), and the CIP Card (Sarova). More are emerging constantly as my own postbag will show over the next few days . . . "Dear Sir, I am amazed you should overlook our Snobby Card system . . ."

As far as the consumer is concerned the minimum that a club should offer is a discount; priority booking; a guaranteed room; a room upgrade when possible at no extra charge; rapid check-in (preferably with separate check-in desk); and rapid check-out. Cheque cashing facilities, no-smoking rooms on demand, discounts on holidays, meals and shopping are all sometimes additional come-ons.

Arthur Sandles

UK NEWS

Treasury's analysis shows wide split over spending

In the next few months the Government is expected to launch an important debate about the trend of public spending for the rest of this decade. Today, the FT publishes full details of the Treasury's confidential analysis of the long-term implications of current trends in public spending.

This analysis was the basis of opposition allegations of a "secret manifesto" during the election campaign in June.

The analysis underlies a fierce argument taking place between the Treasury and spending departments in the current review of expenditure plans from 1984-85 and the years beyond.

In a recent interview with the Financial Times Mr Nigel Lawson, the Chancellor, said the outlook for public spending in the longer-term presented a "real problem."

"We are doing everything we can which will allow a more rapid rate of growth, but it looks like being a slow growth world," he said.

Tomorrow, the Institute for Fiscal Studies, the independent body for the study of taxation and the economy will give its answer to the question: Is the Treasury too gloomy? Samuel Brittan gives his views on Page 23.

Two possible views of economy's future

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

TREASURY projections which form the basis for its current thinking on public expenditure in the medium term are based on two alternative views about the future of the British economy.

Scenarios A and B, summarised in the table, are not intended as forecasts. They encompass a range of possibilities from a pessimistic outlook of slow growth and relatively high inflation to the more optimistic view that growth will recover to about its everage rate in the 1970s while inflation is held at about its present level.

Most of the growth in public spending is expected to coma from the tendency of programme costs to rise. The most obvious examples are in defence where it is estimated the real cost could increase by 5 per cent a year, and in health where it is estimated annual real growth of 1 per cent to 1½ per cent is needed to keep pace with population changes and technology.

These in-built forces for growth would be expected to raise the public spending total by 14 per cent in real terms between 1982-83 and 1990-91 in a low growth economy (scenario B). The rise would be almost es fast if growth were more buoyant (scenario A) with a real increase in spending of 13 per cent

However the major impact of high or low growth falls not on the expenditure side but on the revenue projections, which the Treasury has provided.

PUBLIC SPENDING

Per cent rise in cost of major programmes at constant prices from 1979-80 to 1990-91

Defence	35 to 50
Law and Order	30 to 35
Health	25 to 35
Social Security	20 to 25

Range of Treasury projections reflects pessimistic and optimistic assumptions about economic growth and inflation.

In e paper called Fiscal Implications, the Treasury calculates that on scenerio A (medium growth), tax receipts would rise by about 20 per cent during the period in real terms, although taxes would fall as a proportion of national income from 39½ per cent to 37 per cent.

On scenario B (sluggish growth) tax receipts would rise by only 6 per cent in real terms. Since the economy would also be rising more slowly, taxes would remain at about 40 per cent of total income.

In both cases it is assumed that the sterling real price of oil will rise by about a third

In scenario B income taxes would rise as a proportion of total national income (though not in scenario A). The reason is that higher inflation would increase the share of wages and salaries in total national income.

The Treasury makes the following comments

"On scenario A the projected gap between expenditure and revenue nerrows to about 2 per cent of GDP by the end of the decade—no smaller as e percentage of GDP than the target figure set for tha public sector borrowing requirement in the last year of the Medium Term Financial Strategy.

"Moreover, the tax projections make no provision for raising income tax thresholds in real terms or for cutting tax rates to help personal incentives, or to ease the disincentive effects of the poverty trap. Nor do they allow for any reduction in the rate of business taxation.

"If the economy develops less favourably as in scenario B the problem of financing public expenditure is likely to be much more severe. The projections show expenditure—which is lower than in scenario A—exceeding revenue by 7 per cent of GDP.

"If this gap were bridged by borrowing, the implication is a reverse of progress so far made in reducing the PSBR. Indeed, as a percentage of GDP, borrowing approaches the levels which precipitated the 1976 crisis.

"But if borrowing were to be restrained to 2 per cent of GDP without cuts in expenditure, taxes would have to be raised by the equivalent of £15bn at today's prices. The tax burden would rise from 40 per cent to 45 per cent of GDP (having already risen from 35 per cent to 40 per cent since 1978-79).

"If the £15bn came from income tax alone, the yield would have to be raised by about half. If it cama from the consumption taxes (VAT and specific duties) their combined yield would similarly have to be increased by half. (Raising £15bn in VAT only would require the VAT yield to be doubled.)

"The response of taxpayers to changes on this scale cannot be predicted with any precision. But in erude "ready reckoner" terms what is implied is, at the least; either:

- raising the basic rate of income tax to about 45p.
- abolishing all allowances other then the single allowance and raising the basic rate to perhaps 33p. Or:
- raising VAT to 25 per cent and doubling the real level of all specific duties. Or:
- levying VAT at 25 per cent on goods which now bear the 15 per cent rate and those now zero-rated (food, fuels, etc).

"If the economy grows very slowly, as in scenario B, the consequences for taxation and/or borrowing are very serious. The economy would need to grow steadily and strongly, as in scenario A, to permit the sort of expenditure levels envisaged. It is doubtful whether this growth could arise without any further government action to improve work incentives or to improve businesses' profitability through tax cuts.

"But if taxes were cut, borrowing could not be restrainad to 2 per cent of GDP and the inflation and interest rate assumptions would begin to look implausible."

ECONOMIC SCENARIOS — MAIN ASSUMPTIONS

	Scenario A	Scenario B
GDP (average annual growth rate from 1980-81)	2¼%	½% to 1985-86 then ½% to 1990-91
Productivity in the marketed sector (average annual growth rate from 1980-81)	3%	1½%
Unemployment (narrow definition, excluding school leavers)	2m in 1990-91	3m in 1990-91
Inflation (GDP deflator)	5% per year in mid and late 1980s	10% per year in mid and late 1980s
Real interest rate	2% in 1990-91	2% in 1990-91
Real trade-weighted exchange rate (1980-81=100)	83 in 1990-91	83 in 1990-91
Real marketed sector wages* (average annual increase from 1980-81)	1½%	1½%
Real public service wages (average annual increase from 1980-81)	½%	½%

* People employed in enterprises whose output has a market value: i.e. private industry and commerce and nationalised industries like British Steel.

Estimates assume tight controls despite doubts on defence costs

THE TREASURY'S projections for public spending programmes ore based on fairly conservative assumptions that policies and policy constraints will continue broadly unchanged. On the other hand its cost and efficiency assumptions are tight throughout and in several cases avowedly optimistic.

Thus, it is assumed that the commitment to Nato to raise the real level of defence spending by 3 per cent a year will be maintained and extended for the whole period. But one projection assumes an abatement of the recent trend for defence costs to rise faster than the average inflation rate.

In projections for the health service it is assumed that moves towards private health do not greatly affect public sector costs. It is estimated that real spending on health will need to rise by 0.7 per cent a year merely to maintain the service as the population changes. A further rise of 0.5 per cent a year would be needed to keep up with what the Treasury calls "inescapable innovations" in medical science.

However, it says health spending would need to rise by 2-3 per cent a year in real terms to make "significant progress" in the many branches of health care where "there is a pressing need for more resources: eg. to improve standards in the worst mental handicap and other long stay hospitals, to make hip operations, transplants, dialysis, etc, more widely available and to introduce minimum standards for maternity care."

The Treasury concedes that it seems doubtful whether a cumulative improvement in the service's efficiency of 0.5 per cent a year could be sustained throughout the decade.

On a pessimistic assumption about economic growth (scenario B in the table), it is suggested thet net real growth after 1984-85 would be only 0.5 per cent a year with a further 0.5 per cent a year in efficiency savings which would "barely maintain present standards."

However, if the economy were to grow at ebout 2¼ per cent a year (scenario A), it is suggested there would be strong pressure to increase health spending, in which case the health budget might grow by "at least 1.5 per cent a year" from 1984-85.

The cost of public spending on housing would also vary substantially according to the general fortune of the economy, the paper suggests. If growth were sluggish, it is expected that private sector housing would grow relatively slower, so that in 1990-91 public sector housing expenditure would be almost double the rather low figure for 1982-83 and about the same as in 1979-80.

This would partly reflect the fact that the peak in council house sales would be past and additional expenditure would be needed to replace and repair some shoddy and crumbling council houses of the post-war era.

If growth were faster, it is expected that the private housing market would revive and take much of the strain off public provision. In that case the public expenditure cost of housing would only be about two-thirds of the total expected under the pessimistic scenario.

Even under o pessimistic outlook for the economy, the Treasury assumes that social security benefits would be fully protected against inflation and that legibility would be unchanged. If tha economy were more buoyant, it assumes that benefit levels would grow by 1 per cent a year in real terms. But in both scenarios benefits are assumed to fall relative to wages.

About half of the programme is accounted for by retirement, widows' and invalidity pensions, but the number of pensioners will not increase greatly until after 1991 when their number as a proportion of the working population increases rapidly. Tha major difference in cost in the period relates to the number of unemployed assumed in the projections.

TREASURY'S PUBLIC EXPENDITURE PROJECTIONS

£bn at 1980-81 prices in cost terms
figures in brackets are percentage of national output

	1979-80		1982-83		1990-91 A steady growth low inflation		1990-91 B slow growth higher inflation	
Defence*	10.88	(4.6)	11.73	(5.0)	14.80	(5.0)	14.80	(5.6)
Defence†	10.88	(4.6)	11.73	(5.0)	16.40	(5.6)	16.40	(6.7)
Overseas aid and services	2.48	(1.0)	1.78	(0.8)	2.52	(0.9)	2.01	(0.8)
Agriculture, fisheries, food, forestry	1.14	(0.5)	1.20	(0.5)	1.41	(0.5)	1.38	(0.6)
Industry	1.14	(0.5)	1.09	(0.5)	1.17	(0.2)	1.17	(0.3)
Energy	0.30	(0.1)	0.33	(0.1)	0.25	(0.1)	0.28	(0.1)
Trade	0.23	(0.1)	0.22	(0.1)	0.22	(0.1)	0.22	(0.1)
ECGD			0.31	(0.1)	0.15	(0.1)	0.15	(0.1)
Employment	1.46	(0.6)	2.22	(0.9)	2.32	(0.8)	2.66	(1.1)
Transport	2.70	(1.2)	2.68	(1.2)	3.53	(1.2)	2.88	(1.2)
Housing	5.54	(2.3)	2.90	(1.2)	3.50	(1.2)	5.50	(2.2)
Other environmental services	3.39	(1.4)	3.12	(1.3)	3.00	(1.0)	2.84	(1.2)
Law and order	3.05	(1.3)	3.42	(1.5)	4.07	(1.4)	4.00	(1.6)
Education	11.03	(4.6)	10.61	(4.5)	10.40	(3.5)	10.20	(4.2)
Health and social services	10.49	(4.4)	11.34	(4.8)	14.11	(4.8)	13.33	(5.4)
Social Security	22.88	(9.6)	26.65	(11.3)	28.56	(9.7)	27.32	(11.1)
Other including Scotland, Wales and N. Ireland	12.52	(5.3)	12.51	(5.5)	13.52	(4.6)	13.25	(5.4)
Nationalised industry external finance	3.08	(1.3)	2.29	(1.0)	1.87	(0.6)	1.91	(0.8)
Programme total‡	91.00	(38.2)	95.50	(40.7)	109.00	(36.9)	107.50	(43.8)
Public expenditure including debt interest	97.50	(41.0)	103.00	(44.0)	116.00	(39.3)	115.00	(46.8)

* Assumes non-pay costs rise no faster than average inflation.
† Assumes non-pay costs rise 2 percentage points a year more than general inflation rate.
‡ After asset sales and including contingency reserve.

Action urged on Third World investment

By John Hunt

A CODE of conduct to govern private investment in developing countries was called for yesterday by Mr Christopher Jackson, MEP for Kent East and Conservative spokesman on the European Parliament'a Development and Co-operation Committee.

Mr Jackson wanted to see e convention to protect institutions and companies which invest in Third World countries. This would include guarantees that their assets would not be expropriated.

At the same time the European countries should give undertakings that their investors—particularly the multinationals—would be good citizens in the countries in which they operate.

Mr Jackson was speaking on the evs of the renegotiation of the Lomé Convention which covers most of Africa, the Caribbean and the Pacific states. He has written e pamphlet, Europe and the Third World, on behalf of the European Democratic Group (Conservatives).

He wanted to see further lowering of tariffs to let more products from tha developing countries into the Common Market.

With increasing pace of industrial development the Third World would be producing goods to compete strongly with those manufactured in the EEC. The community had to take a long term view of this.

Mr Jeckson felt we should examine what tariff barriers we could reduce. But the developing countries should also do tha same in order to allow greater access to European goods.

Jetstream 31 ends injection trials

BRITISH AEROSPACE'S Jetstream 31 turboprop eircrafi has completed water methanol injection trials to give it the capability to operate in hot or bigh climatic conditions, said tha company. It bas sold 18 of the aircraft and has eight more sales in the pipeline. New markets for extreme conditions are boped for because of the injection system. The Jetstream is built at British Aerospace's Prestwick works, Scotland.

House prices still rising

HOUSE PRICES rose by 3.3 per cent in the third quarter of 1983, continuing the steady recovery since January, the Abbey National Building Society said yesterday.

The total rise during the past 12 months was 11.1 per cent, bringing the average price of a home to £28,327 compared with £27,428 in the previous quarter.

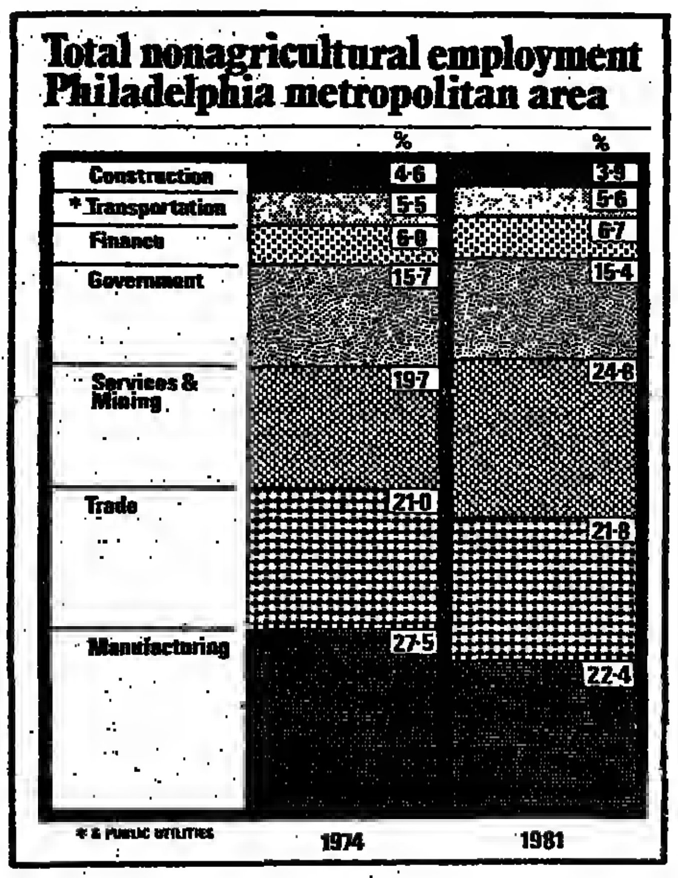
Regional variations were less acute than in the past. With the exception of Scotland, where prices were down 2½ per cent rises in the UK were between 1.8 per cent in the north and 5 per cent in Greeter London.

The Abbey Netional said that the reasonably steady market activity is also reflected in the fact that both first-time buyer and occupier sectors experienced equal rates of increase of 3.3 per cent over tha quarter.

FINANCIAL TIMES SURVEY
Thursday October 6 1983

Philadelphia

PAUL TAYLOR reports on the communal drive to revitalise the economy and environment of one of America's oldest cities



Turning point in long history

PHILADELPHIA is at a turning-point in its long and varied history.

Last year the city, the cradle of American democracy, celebrated its tricentenary. Next month the city goes to the polls to elect a new Mayor, whose major task will be to bring about what one candidate calls "a second renaissance" for Philadelphia and its local economy.

In fact, major changes are already apparent in the structure of the local economy, its social fabric and in the way the city sees itself—internally, in relation to the region for which it is a natural focus, and internationally.

Many of these changes have been brought about by the decline in the area's manufacturing base hastened by successive recessions. While the city's relatively diversified economy has to some extent cushioned it from some of the harsher impacts of economic downturns, it has nevertheless been hard hit.

Unemployment in the metropolitan area is still over 8 per cent and over 10 per cent in the tri-state (Pennsylvania, Delaware and New Jersey) region as a whole. Although there are signs of a recovery the Philadelphia area has lagged behind the national trend.

Philadelphia still has tremendous residual strength, however, while manufacturing industry has been declining—one out of every five manufacturing jobs in the Philadelphia metropolitan area were lost in the 1970s—the service sector has continued to grow.

Fuelling this growth has been Philadelphia's well-established banking and financial services sector together with its array of academic institutions and an expanding hotel and retail sector.

The latest figures show that in the 12 months to July metropolitan area employment in the financial and services sector grew by 9,500 to 630,200 while manufacturing employment fell by 19.3 per cent to 385,300.

Banking groups

The banking sector is itself undergoing a major change following a liberalisation of state hanking laws. This has prompted a wave of mergers and the emergence of several big regional banking groups. Their focus is clearly on East Coast corporate and consumer business and on international trade financing.

This underlines one of Philadelphia's key advantages, its position at the centre of the huge East Coast market. The city is just 70 minutes from New York and 90 minutes from Washington by train and its airport ranks as the busiest commuter airport in the country.

Philadelphia ranks as the fourth largest city in the U.S. with the metropolitan area accounting for 2.1 per cent of the total U.S. population and 2.2 per cent of the total U.S. personal income. Within a 100-mile radius live 30m people, 12 per cent of the population and accounting for 13 per cent of the country's buying power and 11 per cent of its retail sales.

Moreover, although the manufacturing sector has clearly taken a beating it is far too soon to write off industry in the metropolitan region. The metropolitan region still has one of the most diversified manufacturing bases in the country and 27 of the Fortune 1,000 companies are headquartered in the Delaware Valley.

Land and generous financing arrangements are available as part of the city package of incentives for industry. There is also an emerging high-tech corridor centred on Route 202 and a growing local venture capital presence to fund it.

For exporters and importers the port facilities, among the most extensive on the East Coast, are an added attraction, although the port is facing a tough battle to keep its ranking as the top port on the East Coast for international trade.

For all this the city, like other north-eastern industrial cities, still has some major problems. While "Center City," the downtown area, is a plush mix of retail, office and residential areas, it is surrounded by a ring of relative deprivation before the affluent suburbs are reached.

In this "leftover city" housing, education and services are poor, as are the people who live there. In 1980 over one out of every five families in the city was living below the poverty line. Like unemployment, poverty is concentrated among the large ethnic communities. Minority groups make up over 40 per cent of Philadelphia's city 1.68m population. Many are unskilled people in a city where unskilled jobs have disappeared.

To date Philadelphia has an unequalled reputation as a city where a partnership between civic, business and community groups has been forged.

One of the challenges for the next Mayor, who could well turn out to be Philadelphia's first black mayor, will be to ensure not only that this partnership lives on but that the problems which threaten a divide receive more attention.

Whoever it is elected on November 8 can expect broad-based support from business leaders, trade unionists and community groups to maintain the city's traditional political stability. All three candidates are also fiscal conservatives, which bodes well for city finances.

Whatever the outcome there is a new mood of determination and optimism in the city. Philadelphia, for so long the butt of jokes about its "sleepy" and "sombre" past is out to change its image.

This change of pace is apparent throughout the whole civic and business infrastructure in the city. This year, at the prompting of the area's major business leaders, the whole top-heavy structure of civic, business and community groups has been streamlined and revitalised.

New faces have been brought in to take charge of the city's major development agencies in an attempt to make the ageing urban renewal programme more cost-effective and imaginative. The results of this change are already beginning to show through in terms of new marketing programmes and a refreshing aggressively outward looking strategy.

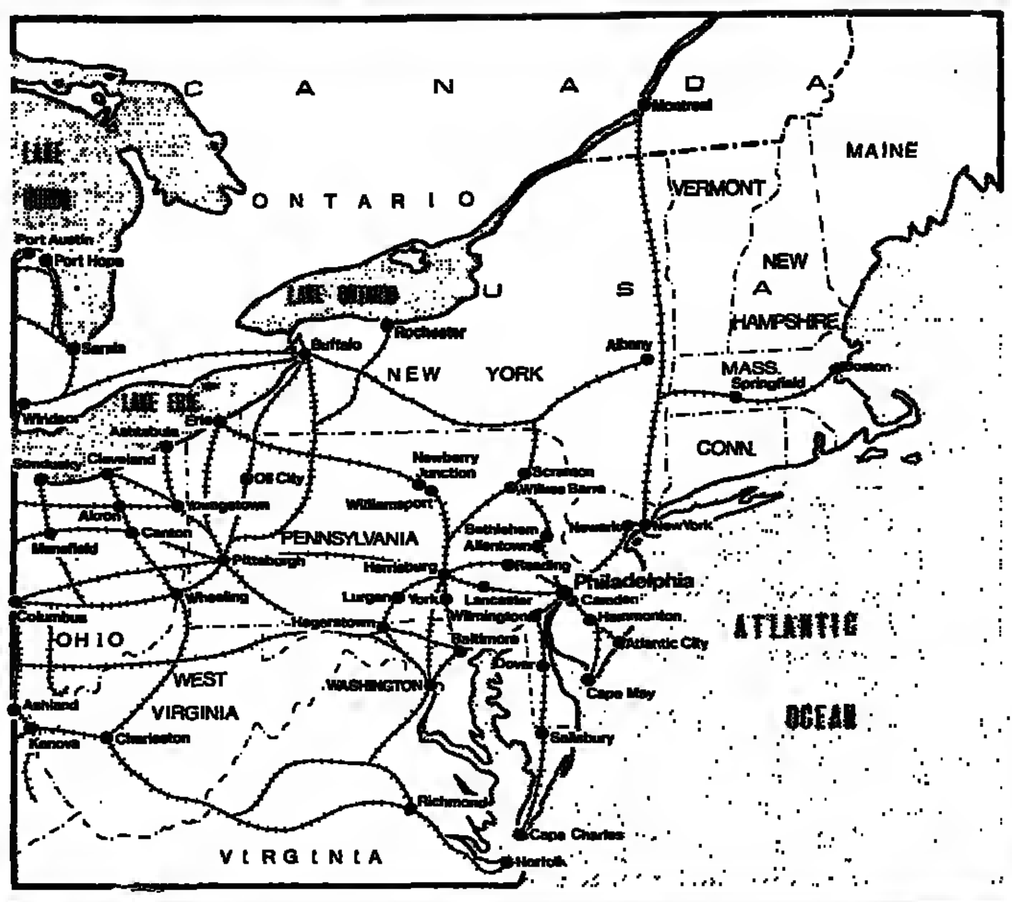
Philadelphians are pragmatic enough to realise that it will not happen overnight and that there are many challenges ahead. Prof Theodore Hershberg of the University of Pennsylvania, who co-penned a major study of the region's economy last year, said: "The future of the region will be determined by powerful external forces and purposeful local action. We can enter the 21st century as a major or peripheral actor on the national and international scene.

"The future will be characterised by a changing demography and by explosive technological breakthroughs in biology, genetics, electronics, energy and materials science. We must develop the capacity to respond and shape these forces at local level. We must avoid policies which will lead to the 'conflict city.'"

FIRST GERMAN SETTLEMENT

DR KARL CARSTENS, President of West Germany, is today visiting Philadelphia to mark the 300th anniversary of the first German settlement in America.

On October 6 1683 a group of thirteen families from the town of Krefeld landed from the ship Concord to join William Penn's new city. They founded Germantown, six miles outside.



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Lifelines for planned commercial growth

Foreign trade and investment

MEASURED in terms of foreign trade and investment, Philadelphia is already an "international city."

Civic and business leaders in Philadelphia, once the second largest English-speaking city in the world, also believe that international trade and foreign investment must play an important role in its future.

Last year the Philadelphia ports, the largest freshwater port complex in the world, handled almost 58m tons of non-oil international cargo, second only to Hampton Roads in Virginia but ahead of both New York and Baltimore.

Total waterborne commerce, foreign and domestic, passing through the Delaware River ports of Philadelphia, Camden, Gloucester, Chester and Wilmington, has averaged about 120m tons a year, generating over $1bn e year in revenues for the area and directly and indirectly supporting over 91,000 jobs.

But the ports face a competitive challenge to maintain their share of East Coast traffic, particularly from their rivals to the South. The Philadelphia Federal Reserve Bank report last year stated bluntly "Philadelphia's relative position as a transport centre has deteriorated."

Recognising the problem steps have been taken over the past few years to improve matters. The Delaware River Port Authority, which brings together the various port corporations, has encouraged new investment and modernisation and beefed up its marketing effort. Now there are signs that the efforts are beginning to pay off.

Mr Raymond Heinzelmann, director of the Authority, accepts that there was "slippage in 1979" which he blames on the port's product mix which "was more sensitive to recession" than other ports and to the shift in Philadelphia's economic base from manufacturing to less trade-orientated service industries.

Cargo imports

But he points to the Philadelphia ports' first quarter 1983 figures, which showed a significant increase in market share bolstered by a surge in general cargo imports, as an indication of a turnaround.

Mr Heinzelmann believes the ports of Philadelphia have two very distinct advantages over their rivals. First is their capacity to handle virtually any sort of cargo, including bulk, liquid, dry, container, ro-ro and refrigerated, and second, the ports' position at the hub of the huge north east U.S. market.

Recently two new container terminals have been completed: Philadelphia is spending between $25m and $30m upgrading port facilities. Wilmington is considering redesigning terminal layouts. The port authorities have jointly requested permission from the U.S. Coastguard to use the bay as a deep-water anchorage for up to 12 supertankers.

Mr Fred Dibona, a dynamic young executive with a controversial management style who recently stepped down as president of the Philadelphia Port Corporation to become president and chief executive of the Greater Philadelphia Chamber of Commerce, adds that the ports' coal handling capacity has recently been increased from 2.5m tonnes to 15m tonnes.

"We have some of the most modern facilities but they were not being used. That is why we began to market," he says. Last year the port set up a marketing and trade department with offices in Philadelphia, Pittsburg and New York and established a government and public affairs department. The city has also set up and begun to develop a free trade zone, although there have been no lettings as yet.

Mr Henry Friedman, the city's deputy director of commerce, also points to the ports' success in attractiog car imports to use its facilities after an active lobbying campaign in Japan, to its success in winning navy shiprepair work and to have belped a new private company set up a grain export business.

renovations et pier 98 which

Philadelphia's location, coupled with an invigorated marketing effort, is also e major reason for the recent influx of foreign investment in the area.

Some 270 foreign companies, including many major European and Japanese groups, bave operations in the Delaware Valley. These include multinationals like Creusot Loire of France, Volkswagen of West Germany, Imperial Chemicals Industries and BAT Industries of the UK and Mitsubishi of Japan.

Mitsubishi, for example, bas established three facilities in the area—a car parts depot, a distribution centre and the company's East Coast regional headquarters.

Among the more recent investments, Gimbels, owned by BAT, is building a new store in the centre of the city. The Singapore Government paid $46.5m for an office block and a group of West German investors paid $2.8m for a partial interest in the recently completed Hershey Hotel.

Joint initiative

In the manufacturing sector Dafoe and Dafoe, a Canadian paper products company, set up a plant in the area last year which now employs about 100 people. That project resulted directly from the initiatives of the Greater Philadelphia Partnership, a joint private and public sector group which has spun off a number of subsidiary groups including the Greater Philadelphia International Network (GPIN) and coined the concept of "the international city project."

The project was the initietive of a influential group of "internationalists" among the business community of the city about seven years ago. Mr James Bodine, managing partner of the partnership and one of the project's instigators, says the international project "was an attempt to get this city to recognise that it is part of a global economy and that we need to get our act together or it will flow on by."

One of the project's spin-offs is the Philadelpbia Export Network. Formed in 1981 and housed in Wharton Business School'a applied research centre. The Export Network, which is funded by the city, the port, the Department of Commerce and the Greater Philadelphia Partnersbip, helps small businesses to export.

Mr Howard Perlmutter, e director of the network, says the project bas so far helped about 50 companies export and strongly believes exports could provide the key to retaining companies and jobs in the area.

Certainly the potential exists. A recent First Pennsylvania Bank regional report revealed that about half the companies surveyed in the Delaware Valley bave either exported or imported. But Wharton School figures suggest that of the 70,000 businesses in the state only about 2,700 are exporting successfully.

But a start has certainly been made. Mr Bodine says: "We are an international city in terms of ethnic mix, history and culture. I think we have done very well in developing ewareness and creating e commitment. That was our first objective."

TOTAL NON-OIL FOREIGN TRADE
(percentage market shares)

	Philadelphia	Baltimore	New York	Hampton Roads
1980	29.54	16.18	24.21	30.07
1981	29.70	15.50	24.31	30.49
1982	27.52	14.57	22.87	35.03
1st qtr 1983	29.21	13.43	25.64	31.71
GENERAL CARGO ONLY				
1981	16.40	19.48	52.19	11.93
1982	16.73	18.03	54.25	10.99
1st qtr 1983	19.75	16.54	54.50	9.21

Source: U.S. Commerce Department.

Three-cornered contest for next Mayor

Politics

THERE ARE, say Philadelphians, three Democrats running for Mayor in the city. But only one has the official ticket—the backing of the party machine, the unions, and big business.

For these reasons, and at least a three-to-one party registration edge, Wilson Goode is expected to become Philadelphia's Mayor at the polls next month. If he succeeds, Mr Goode, a former city managing director, will become Philadelphia's first black Mayor.

At present the mayoral race is a three-cornered event between Mr Goode, Mr John Egan, a former Democrat and until his candidecy chairman of the Philadelphia Stock Exchange, who is now endorsed by the Republican Party, and Mr Tbomas Leonard, wbo is running as an independent Democrat and wbo has mounted a vigorous campaign around the hot issue of city taxation.

All three are generally regarded as fiscally conservative—important in a city where balancing the budget, with an eye on the interests of business, the public service unions, city and suburban taxpayers, is sometimes difficult.

Philadelphia has, through astute budget management, managed to avoid many of the more serious financial problems facing some of its fellow older industrialised cities of the north east. However, the tax issue has been thrown into the spotlight during this campaign by the city's decision earlier this year to include $96.3m in new taxes for fiscal 1984, including highly controversial wage and sales taxes.

The two-tier wages tax, which differentiates between city and suburban residents, was subsequently declared unconstitutional, although a final court ruling is still pending, following a suit brought by Mr Leonard. The increase in mercantile tax, which only applies to sales of goods by city businesses outside the city, has now been restricted to a one-year trial period following pressure from businessmen.

As a result of the uncertainties the city's credit rating has been lowered by Moody's, the credit rating agency, to Mig3 from Mig6. This led to the cancellation of a planned $150m note sale by the city earlier this year.

All three candidates have therefore placed tax reform high on their list of priorities. They also share other common themes in their respective campaigns—jobs, the local economy and urban renewal. Indeed jobs and the local economy are unquestionably the key issue in this election.

The deciding factor in the election could well turn out to be Mr Goode'a broad-based support. Big business in Philadelphie is solidly behind Goode, as are the unions, and few doubt that he will be next Mayor in a city which bas been a Democrat stronghold since the early 1950s.

For bis part Mr Goode is mounting a skilled campaign around five major issues—jobs and economic development, education, crime and safety, fiscal restraint, bousing and infrastucture. Centrepiece of bis campaign is a 10-point economic strategy for "a second renaissance" in the city.

Mr Goode's shot at the city's top office came after the surprise decision of the current Mayor, William Green, a former Congressman, not to seek relection. Mayor Green took office in 1980, succeeding Mr Frank Rizzo, a former Police Commissioner who during his eight years in office gained national notoriety by stoking racial tension with e rough-and-ready law and order stance but seriously embarrassed Philadelphia's liberal community.

Mayor Green's decision not to stand again led to e surprisingly close primary battle between Mr Goode and Mr Rizzo for the Democrat nomination.

Mr Goode probably won the primary not only because of the overwhelming support of the large black community in the city—44 per cent of the registered Democrat vote—but also because of what one Philadelphia businessman described as "the anti-Rizzo factor" among other traditional Democrat voters.

Some observers believe Mr Goode's main challenges, if he is to win, will be to bold on to that primary vote support and avoid becoming over-confident about his undoubted support in the poorer black neighbourboods. If be fails on either score, and particularly in the turnout is low, some predict a much closer outcome in the election than his paper support would suggest.

Mr Goode himself says there is "absolutely no risk" of him becoming over-confident. "I am campaigning harder than either of my two opponents," be says. "I always campaign as if I am one vote behind."

Hotting up

So far at least the election campaign seems to be going his way. Mr Egan's campaign has been stymied by reported differences in the Republican camp, elthough with Republicans viewing this as "the best chance" to win mayoral office since 1947 the campaign has been hotting up in recent weeks.

Both Mr Egan, a self-made stockbroker and Mr Leonard, who held civic office in the Rizzo administration, have begun to mount attacks on Mr Goode'a record in City Hall.

In true Philadelphian style the campaign so far has avoided the mud-slinging and racial overtones that discolour other city mayoral elections, notably the recent election in Chicago.

Given Philadelphia's multiracial composition—about 40 per cent of the population is black and there are other large ethnic groups including Italians and Hispanics—and history of co-operation, most observers believe the election campaign will stay this way.

Mr Goode says emphatically that he is campaigning to be Mayor "of all Philadelphians." However, be accepts that "there is certainly the potential" that the campaign could turn nastier. He adds that sucb fears are probably overstated. "I would hope that we will never reach the depth of division and devisiveness that Chicago reached," be said.

Whatever the outcome of the election the business community is looking for a mayor who will provide strong leadership and fill what some describe as "e political void" in recent years. In particular the business community wants a mayor who will compliment and support the renewed effort to revitalise the city's economy and "put Philadelphia back on the map."

Corporate Philadelphia is also looking for a mayor who can maiotain the strong relationsbio between civic, business and community leaders—without antagonising any single interest gronp.

Broad range of manufactures

DESPITE the growth of the service sector in Philadelphia and the corresponding decline in manufacturing jobs, the Delaware Valley is still the home of a broad range of major industrial companies.

Indeed the metropolitan region boasts one of the most diversified industrial economies in the U.S. More than 7,500 companies have manufacturing plants in the eight-county area, representing about 90 per cent of the Commerce Department's manufacturing categories. Major manufacturing categories include food products, clothing, printing and publishing, chemicals, machinery and electrical and electronic equipment.

Together they employ around 385,000 people, or about 22 per cent of the total labour force,

Industry

split roughly equally between durable and non durable goods manufacture. In the city the proportion drops to around 16 per cent, ranking third after the service and wholesale and retail sectors.

Twenty-seven of the nation's 1,000 largest companies, including Dupont, Sun Co., Smithkline Beckman, Campbell Soup, Hercules, Scott Paper and Rohm and Haas are headquartered in the Delaware Valley and 241 of Fortune Magazine's top 500 companies have some presence in the area.

In some cases, like Smithkline Beckman, their presence reflects deep historical roots but Smithkline and many other companies see other attractions in the metropolitan area, too. These include its geographical location—at the centre of the eastern seaboard with a huge potential customer market—and other factors such as relatively cheap land costs and a pleasant living environment.

Mr Henry Wendt, president and chief executive of Smithkline Beckman, o pharmaceuticals company whose roots in the area go back 150 years, summarised a generally prevalent view among regional industrialists in saying "Philadelphia has the services and the attractions of a large city but all the advantages of a small city as well." For example he says it is possible to call the Mayor—and receive a reply.

The company, which is in the process of spending $150m on a new research and development complex in the area as part of a strategy aimed at broadening its range of products, also has major overseas operations.

Sun Co, the Radnor-based energy company, also has extensive overseas operations, including drilling and exploration activities in the North Sea.

Like many other industrial employers in the region, Sun is emerging from the recession leaner and more competitive. According to Mr Theodore Burtis, Sun's chairman, the company has "essentially completed" an assets redeployment programme aimed at cutting costs and improving margins in its U.S. refining and marketing operations.

"We have cut costs, sold two refineries and got out of the shipping business," be says.

In terms of the regional economy Mr Burtis, like other leading industrialists in the metropolitan area, is enthusiastic about the recent streamlining of the various civic, business and community groups and in particular about the formation of the Greater Philadelphia First Corporation (GPFC), composed mainly of the chief executives of the area's major corporations.

"Urban renewal is still a very difficult problem," be says, "but the city has come a long way and the face of the city downtown has radically changed."

Mr Ralph Widner, the recently appointed executive director of GPFC, which looks like becoming the powerhouse of Philadelphia's re-invigorated urban renewal programme, says he believes there is a new sense of purpose and urgency, expectation and optimism to the economic redevelopment programme. "My sense is that people really want to get on and do it," be says.

The creation of GPFC earlier this year and the appointment of Mr Widner, who was invited to take the $100,000 a year job after 25 years' experience in regional and urban development, reflects the desire of big business in the city to make Philadelphia's tripartite business, civic and community effort at urban renewal more effective and cost-efficient.

The new streamlined structure should also make it easier for potential investors in the area to find their way through the maze of existing civic and other organisations. Mr Widner says "one phone call to GPFC" will put a caller in touch with the full panoply of services and incentives available.

While much of the thrust of Philadelphia's recently re-invigorated economic development programme is likely to centre on encouraging the service and high technology sectors, the other established industries will not be forgotten.

Philadelphia Industrial Development Corporation (PIDC), a public and private sector partnership bringing together local government and the Greater Philadelphia Chamber of Commerce, will remain the central vehicle for encouraging industrial development in the area.

PIDG is becoming part of the new Greater Philadelphia Economic Development Coalition—a second "leg" in the new structure—chaired by Mr Walter d'Alessio, president and chief executive of Latimer and Buck, the mortgage banking firm, and a former executive director of PIDC.

PIDC, aided by its ability to make cheap land and facilities available, offers grants and financing packages including five-year tax holidays, completed over 2,000 transactions between 1960 and the end of last year totalling $1.8bn which have retained 105,000 jobs and created another 85,000. It is generally considered one of the most successful industrial redevelopment organisations in the country.

Mr Craig Schelter, PIDC's recently appointed executive vice president, says last year alone the agency was involved in 243 transactions worth $273m which retained or created 1,400 jobs.

Now the agency is expanding its activities and turning its attentions overseas. "We are increasingly trying to attract foreign capital," be said. For example, PIDC is currently organising presentations at a number of foreign trade fairs, including Hong Kong and Frankfurt.

CORPORATIONS HEADQUARTERED IN DELAWARE VALLEY

(Based on 1982 sales volume)

		Sales ($m)	National ranking 1982	1981
E. I. duPont deNemours (Chemicals, textile fibres, instruments)	Wilmington De	28,427	8	12
Sun Company (Petroleum exportation, refining and marketing)	Radnor Pa	15,519	16	17
SmithKline Beckman (Pharmaceuticals, animal medicines, lab services)	Philadelphia Pa	968	131	195
Campbell Soup (Soups and other foods)	Camden NJ	2,944	135	153
Hercules (Chemicals)	Wilmington De	2,468	159	157
Scott Paper (Paper products, timber)	Philadelphia Pa	2,293	167	173
Rohm and Haas (Chemicals, plastics and health products)	Philadelphia Pa	1,828	192	206
Squibb Corp (Pharmaceuticals, specialty health products, perfumes, cosmetics)	Princeton NJ	1,660	210	207
Crown Cork and Seal (Metal cans, crowns and closures)	Philadelphia Pa	1,351	243	257
Pennwalt Corp (Chemicals, plastics, health products)	Philadelphia Pa	952	303	280
CertainTeed Corp (Insulation building products)	Valley Forge Pa	827	333	334
NVF (Laminated plastics, fibres, material handling)	Yorklyn Da	810	338	308
Westmoreland Coal (Mining)	Philadelphia Pa	548	429	480

Source: Fortune 500 Directory 1983

Encouraging signs of upswing

PHILADELPHIA could be on the verge of a mini-boom in property, particularly in the commercial and residential sectors.

Office rental activity in the "Center City" business area is on target for a record year, bolstered by declining interest rates and several major lettings. Rentals are increasing and overall occupancy rates have recovered to over 91 per cent.

In the residential sector, hard hit by the recession, housing starts and prices have begun to pick up aided by lower mortgage rates and the city's reputation as "one of the most liveable" in the U.S.

Only the industrial sector lags behind the trend, reflecting oversupply and the impact of a declining manufacturing base. Nevertheless, the industrial market in the metropolitan area also appears to have "turned the corner."

The Philadelphia property market is particularly diverse. It also has the reputation for being steady, indeed somewhat slow and conservative, in comparison with the "go-go" markets of the emerging south.

Attractive yields

But this too has had its advantages. Yields on the investment properties are comparatively high and have attracted the interest recently of both national and international investors. In addition, the breadth of the market has meant it was generally less severely hit by the recession than many of its counterparts.

Now there is evidence of a sharp upturn in the first half of 1983. According to the Philadelphia Federal Reserve Bank, despite the summer upturn in short-term interest rates "overall sales are still about 25 per cent ahead of a year ago," and "residential activity, while not yet booming, is showing its first real signs of strength in over 2½ years."

In the downtown business district office leasing activity totalled 1.4m sq ft in the first half, according to figures prepared by Jackson-Cross, one of the city's major property agents—more than double the previous six months.

Over half the space let represented six major transactions by five separate corporations accounting for 727,000 sq ft. These included major lettings to three insurance companies including Cigna, which has decided to locate its headquarters in Philadelphia, and the new Atlantic Bell Company spun off as a result of the A T and T divestiture. It's an achievement which, given Philadelphia's past reliance on office user expansion rather than attraction from outside the area, Jackson-Cross describes as "a unique accomplishment."

As a result of these major

Property and construction

lettings two of the city's newest office buildings have benefitted substantially; 1600 Market Street is now almost 70 per cent leased and 1 Logan Square, the Cigna headquarters building, is about 95 per cent leased.

Although Jackson-Cross caution against expecting "a repeat" of the exceptional first-half leasing activity, others, including Mr Willard Rouse, president of major East Coast developers Rouse and Associates, report a continued upswing. "Our business is up 35 per cent so far this year," he says.

Occupancy in the "Center City" area, which comprises about 44m sq ft, was running at 91.1 per cent during the first half, up from 89.2 per cent in the second half of 1982 but still lagging behind the 1981 and early 1982 periods.

New prime office space rentals in Center City, one of the five distinct markets in the metropolitan region, have increased to between $22 and $25 a square foot today from $18 last year, according to Mr Rouse.

Total available space in the area fell to 2.83m sq ft at the end of June, including 845,000 sq ft under construction and 1.74m sq ft of existing space, from 3.49m sq ft at the 1982 year-end, Jackson-Cross figures suggest.

Based on an historical absorption rate of between 1m and 1.5m sq ft a year this represents about a 2½-year supply compared with a 3½-year supply at the start of the year and an average 2-year supply in earlier periods.

Eight new building totalling 3.1m sq ft were under construction at the end of 1981 according to the citys' Chamber of Commerce. Some of those, including several new hotels, are now complete.

The major projects currently under construction include 250,000 sq ft of office space at Kennedy Boulevard under construction by Evans Pitcairn in conjunction with Metropolitan Life Assurance and 600,000 sq ft ot 1 Reading Center. At least two other major commercial projects are planned.

Jackson-Cross is predicting leasing activity in the Center City this year of between 2m and 2.15m sq ft—the largest leasing year since the company started its surveys in 1974.

Office space rentals in the whole eight-county metropolitan area, which comprises about an additional 44m sq ft, are also showing a healthy rebound—2.59m sq ft in the first half which is almost 15 per cent higher than the whole of 1982.

In the downtown retail sector the $200m Gallery II project, housing Gimbels and J. C. Penney among others, is proceeding, representing a further major expansion of the city centre's already modern shopping area.

Three weeks ago the city endorsed plans by Reading Company to construct a much needed 335,000 sq ft convention hall virtually next door to the new shopping centre. The hall represents Phase I of a convention centre project that will eventually total 870,000 sq ft gross, with space for 20,000 delegates and including a 1,200-room hotel. The cost of the total sale/leaseback project is about $380m and completion is due in 1987/1988.

Elsewhere in the city the local government-funded Philadelphia Industrial Development Corporation (PIDC) is overseeing the Penn's Landing project, an imaginative waterfront redevelopment scheme, which should provide another boost to the already well entrenched conservation and restoration projects around the Independence Park and Society Hill area.

The residential market in Philadelphia took a battering during the recession. Housing starts fell to a mere 7,700 in the metropolitan region last year but a sharp pick-up in residential house building permits, up 102 per cent in the second quarter over the previous year, suggests a renewed surge of activity.

Sales of Philadelphia town houses and condominiums in the first six months exceeded those in either half last year and the upturn is expected to continue despite the recent "blip" in U.S. interest rates, with prices forecast to rise by up to 12 per cent.

Nevertheless the Philadelphian surburban market is still "one of the best housing deals in the U.S." according to Mr Rouse. Low land prices mean that Philadelphia is one of the cheapest metropolitan housing markets in the U.S.

The industrial market is also cheap—though for a less acceptable reason. The decline in the manufacturing base coupled with the efforts of local agencies to create new jobs has resulted in a substantial surplus of available industrial space.

At mid-year Jackson-Cross estimated availability at over 24m sq ft in the Delaware Valley market, although Roger Hope, president of the firm's brokerage company, notes that sales and letting covering 145 units increased by 17.4 per cent in the first half to 5.8m sq ft compared to the previous six-month period. This entirely reflected a substantial increase in leasing activity—sales actually declined.

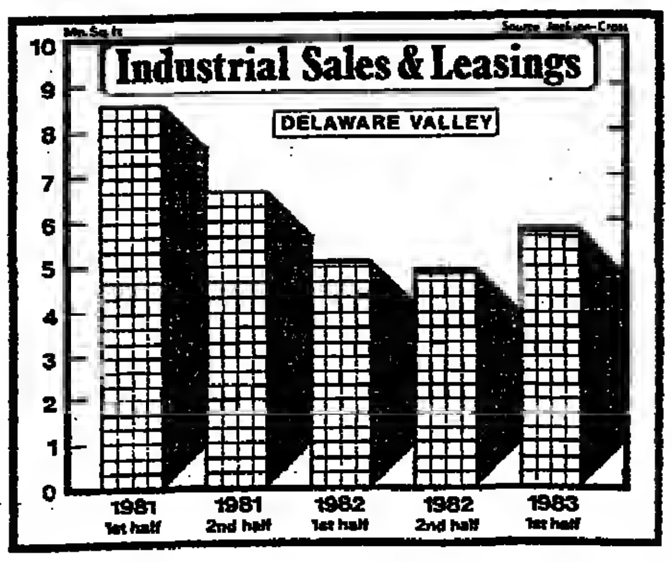
Sharp difference

The metropolitan region figures also mask a sharp difference in performance between the eight individual counties. The four suburban Pennsylvania counties all showed an increase in activity while the Philadelphia county and New Jersey counties showed a decline.

Current rental rates for industrial property reflect the relative over-supply, although at around $3 to $4.5 a sq ft they appear to have stabilised.

There are, however, a number of new facilities currently on the market, including a 770,700 factory on Roosevelt Boulevard from Bisswanger Company, the major national and international property company headquartered in Philadelphia which has been a pioneer of the industrial park concept, and facilities in the recently created free trade zone area.

In addition PIDC has over 1,200 acres available for development in its industrial park land bank as part of its urban renewal programme.



Historic role as service centre

PHILADELPHIANS are justifiably proud of the city's historic reputation as a service centre. It played host to the embryonic insurance industry in the U.S. and can still boast the oldest stock exchange in the country—founded in 1790.

Today the city ranks as the second or third largest insurance centre in the U.S. and among the top half dozen diversified service centres in the country.

The service sector, even excluding finance, insurance and property, employs about 480,000 people in the metropolitan area—or about one in four of the area's workforce—and its growth over the past decade has more than outstripped the jobs lost in manufacturing.

One of the fastest growing sectors has been legal service. There are over 400 legal firms in the area, including the second largest in the U.S. and 10 of the top 200.

All the "Big Eight" international accounting firms have offices in Philadepiphia and the city also has its share of other major "business support" firms such as data processing companies and advertising agencies.

Despito this, the local economy has lagged behind the national economy. Recessiong have been longer and deeper. It is for this reason that local civic, academic and business leaders stress the importance of creating the right "environment" for the transformation from a manufacturing to service industry.

Major force in region

Insurance

DESPITE THE industry's problems, particularly in the property and casualty business whore low premiums and excess capacity have made much underwriting unprofitable, the Philadelphia insurance industry remains a major force in the local economy.

Thore are more than 250 insurance carriers in Philadelphia, not including agents and brokers. Altogether the industry employs about 21,000 people and shares with Hartford, Connecticut, and New York tho headquarters of most of the major U.S. insurers.

Among the major insurance companies headquartered in the Philadelphia area are Penn Mutual Life Insurance with assets at year-end of $4.01bn, Provident Mutual Life Insurance with assets of $2.12bn and two major diversified financial companies—Cigna with assets of $31.4bn and Colonial Penn group with assets of $1.05bn. The city also serves as U.S. headquarters for a number of UK insurance companies, including General Accident.

One of Philadelphia's most recent "coups" was to persuade Cigna, formed last year through the merger of Philadelphia-based INA Corporation and Hertford-based Conneticut General, to set up headquarters in the city. Cigna, with shareholders' equity of $4.6bn is the largest investor-ownod insurance company in the U.S. and employs 3,700 people in the city.

Mr Robert Kilpatrick, who emerged from being Conneticut General's chairman to become Cigna's president and chief executive, says Cigna chose Philadelphia over New York or Hertford because of its cost advantage over New York, better transport access than Hertford and because of the availability of a pool of insurance experience in the area. He adds that tho "quality of life" is better in Philadelphia than in New York.

The merger did, however, come at a difficult time. Mr Kilpatrick says: "The industry has had its problems and so has Cigna." Last year Cigna'a operating profits fell by 26 per cent to $490.1m and during the first half of this year the company continued to report sharply lower property and casualty operating income.

Mr Kilpatrick emphasises that the recent poor earnings reflect the state of the industry and the economy rather than tho impact of the merger. He says the merger of the two companies "is now complete" and claims it has been "an outstanding success" despite suggestions on Wall Street and elsewhere that there has been internal friction between middle managers from the two original companies.

"The integration process has had its up and downs," Mr Kilpatrick concedes, "and it was painful. But it really went very well."

The company is now paying particular attention to its expenses in an effort to cut costs at the same time as developing a number of new and innovative product lines.

Mr Kilpatrick also looks for further mergers in the industry, which he believes "is still an attractive ono in the long term." Mr Charles Mather, president of Mather and Co., one of the biggest independent brokers and insurance consultants in the area, agrees.

"Wo are in the midst of a period of tremendous competition and rate-cutting," Mr Mather says. "In property and casualty it is dog eat dog." Although he believes that most of the major companies have largely completed their acquisition activities he adds: "There has been a process of consolidation and that will continue."

His firm, which employs about 200 people, is a full service broker set up in 1973 which also operates as manager for a number of specialised insurance companies.

Pioneer in forex options

Stock exchange

IN DECEMBER last year the Philadelphia Stock Exchange, long dwarfed by its New York cousin, caught the attention of the world financial community by becoming the first exchange in the world to trade options in foreign currencies.

After starting with sterling the exchange has added yen, Swiss francs, D-marks and Canadian dollars to its options list—and business is apparently booming with much of the interest coming from overseas.

Foreign currency options provide what the Philadelphia Exchange describes as "the third dimension to foreign exchange." They enablo companies to hedge against the risk of sharp fluctuations in currencies through the purchase of options to buy or sell a specified amount of currency at a pre-arranged price at a specific date.

Volume is currently running at around 1,500 contracts a day with a value of around $37.5m and liquidity is increasing. Currently open market interest totals about 30,000 contracts worth about $750m.

Sterling remains the most popular contract, followed by tho Swiss franc and the D-mark, according to Mr Arnold Staloff, president of the Exchange's Financial Automation Corporation.

Mr Staloff says over half the business is coming from outside the U.S., primarily from London, other parts of Europe and Hong Kong.

"Options in foreign currencies have given us some international recognition which we have never really had before," he says. Initially the activity on the foreign currency options floor tended to be speculative but Mr Staloff says there is increasing evidence that the contracts are now being used primarily by corporate treasurers as a hedging instrument.

Tho foreign currency options have spurred interest and curiosity in both the Philadelphia Exchange and outside. Several other exhanges are now offoring similar contracts and Chicago's International Monetary Exchange has said it intends to start trading options in foreign currency futures — as opposed to physicals.

Some 450 firms, including most of the Wall Street majors together with the larger regionals, are now foreign currency option participants on the Philadelphia Exchange.

In fact Mr Staloff says the success of foreign currency options is only part of "a very dramatic explosion of activity" in tho Exchange. In particular equity options have been growing dramatically.

Last year the Exchange traded 12.39m stock options, a 34.5 per cent increase over the previous year. Until the end of August stock option contracts were running 29.9 per cent ahead of the corresponding period last year, although the total volume is unlikely to match the 1982 full year, which was buoyed by the start of the bull market.

Trading in the 77 equities quoted on the exchange is also increasing, up 70 per cent to 275.345m in the first eight months of the year aided by the Exchange's heavy investment in automation and in particular its PACE system, which can execute up to 599 shares automatically. While those figures still look tiny when set against the New York Big Board volume, there does appear to be a resurgence of interest in the Philadelphia Exchange.

This is reflected in the membership. A few weeks ago Dean Witter Reynolds, the Wall Street securities firm, paid a record $115,000 for one of the 505 full member seats on the Exchange.

Just two years after moving into a new building the Exchange is already running out of space. In a few months' time it will expand its options trading floor. It is also examining improving its overseas links, particularly with London.

High hopes on Route 202

Technology

ROUTE 202, which passes through the suburbs to tho north and west of Philadelphia, may not have the glamour of Silicon Valley or the recognition of Boston's Route 128 but it exists and is the spawning ground for ono of Philadelphia's high hopes—small high growth high tech companies.

Dozens of small high technology companies specialising in electronics, computers, health care, bio-technology and robotics have set up business along Route 202, most of them in the past decade. One recent count discovered 50 such companies, with an average age of 6.5 years.

"There has been a minor explosion of high technology enterprises developing in a variety of industrial parks along a track wbich generally follows Route 202 and the Pennsylvania Turnpike," says a recent University of Pennsylvania study prepared for the city in its tricentennial year.

Among these companies are several major computer makers like Commodore International and Franklin Computer and a host of smaller software companies and medical/bio-engineering firms, together with older established technologically orientated companies like Spitz Space Systems, a leeding manufacturer of planetariums and space theatres, which employs 100 people, has sales of between $5m and $10m a year and has just won a state award for exports.

That the Philadelphia area should have developed its own growth industry corridor is not surprising given its wealth of academic, research and medical institutions. What is perhaps surprising is that its potential has only recently been recognised.

Greater Philadelphia has 89 degree-granting institutions, compared to Boston's 68, with 226,000 students. The region has two Ivy League universities — the University of Pennsylvania and Princetown University —and many other nationally recognised learning centres such as Drexel, Lasalle, St Joseph's and Temple University. One of the country's top business schools, Wharton School of Business, is based in the area.

In addition, Greater Philadelphia is often described as "a real or potential national health centre." It has six medical schools which produce over 10 per cent of the nation'a doctors, two dental colleges, nine colleges offering advanced degrees in biological sciences and three offering degrees in bio-engineering within the city Itself.

Research facilities within the city include tho Franklin Institute, the Wistar Institute, the Institute for Cancer Research, Jefferson University Medical School and the University City Science Centre. Altogether there are 80 health-related research and development facilities in Greater Philadelphia, 42 associated with universities, 19 indepedent R and D operations and 16 associated with Philadelphia-based companies like SmithKline Beckman.

It is estimated that 80 per cent of the pharmaceuticals produced in the U.S. are manufactured in the three-state regions and in terms of scientists and engineers per 10,000 population Philadelphia, with a count of 66, ranks third after Houston and San Francisco.

Although the Greater Philadelphia region accounts for only 2 per cent of the U.S. population, 5 per cent of the country's chemists, 4 per cent of its medical scientists and 3 per cent of its engineers and computer scientists live and work in the area.

Despite this unrivalled "intellectual base" it is only recently that the area's potential as a base for high tech companies has been recognised.

In 1977 a task force report on the city economy called for the targeting of efforts aimed at the development of the medical-pharmaceutical industry.

Three years later tho Philadelphia Association for Clinical Trials (PACT) was formed as a non-profit organisation for clinically screening new products and drugs. Last year PACT's services accounted for $2.3m in revenues.

Several universities in the area have begun actively encouraging the transfer of technology into the private sector. Thomas Jefferson University, for example, has what John d'Apprix, vice-president, describes as "a very aggressive intellectual property management programme" which has led to the development of over 50 patented bio-medical products and processes.

The university, like others in the area, also participates in two of tho area's most innovative organisations, the University Science Centre and the recently started Advanced Technology Centre of South-east Pennsylvania.

The University City Science Centre, which is probably unique in the U.S., was set up in 1964 as a non-profit company with shareholders comprising 28 universities, colleges and professional health institutions. Its purpose was to develop and manage an urban research park providing land and administration services—for a fee—to start up companies as well as conducting research under contract and in collaboration with member institutions.

Dr Randall Whaley, the energetic president of the Science Centre, describes it as being "highly entrepreneurial." Although it remains a non-profit organisation it has had operating profits in each of the last 11 years. So far, he says, it has helped 38 small growth companies get started. Many of these companies, like Centocor, a biotechnology company, have since "graduated" and moved out to Route 202.

Today the park is the largest urban-based research park in the U.S.—and a model for others—occupying 16 acres of previously derelict land close to the downtown area, housing 75 organisations and providing jobs for 5,000 people.

Earlier this year the Centre raised over $13m from tho private and academic sector and received a $2.35m grant from the stata to establish the Advanced Technology Centre of

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Mergers follow easing of state bank laws

THE PHILADELPHIA banking market has seen a dramatic round of mergers following new state banking legislation enacted last year, which for the first time allowed bank holding companies to own more than one bank in the state.

Among the major acquisitions completed in the past nine months Girard Bank, the third largest bank in Philadelphia, has been acquired by Pittsburg-based Mellon; Philadelphia National has merged with National Central Financial Corporation, whose primary subsidiary is Hamilton Bank, and Fidelity Bank has acquired Southeast National Banchares of Pennsylvania.

Restrictive state banking legislation, coupled with tough state consumer lending laws which have also been eased, had stunted the growth of the region's banks. The change therefore has accelerated a process of consolidation which was already apparent and opened up new possibilities.

Between the end of 1972 and June this year tha number of commercial banks in Pennsylvania fell from 439 to 394 according to the Philadelphia Federal Reserve Bank. Most bankers, including the Philadelphia Fed's president Mr Edward Boehne, expect the process of mergers and acquisitions to continue.

"I think there probably will be fewer independent Philadelphia banks. However, I don't think there will be a reduction in the number of banking alternatives because I think as we move more into interstate banking there will be more alternatives," said Mr Boehne.

As part of this process most banks are also setting about redefining their priorities in an attempt to carve out a specific East Coast regional banking centre identity.

The Philadelphia banks are also expanding the range of services they offer. In particular a recent Philadelphia Fed survey revealed that 10 out of tha Delaware Valley banks surveyed already offer discount brokerage services—usually through Fidelity Financial Services of Boston—and another 3 intend to do so shortly.

Traditionally Philadelphia banks have been fiercely competitive in middle market commercial lending and consumer banking where they also face increasing competition from other sectors including the largest bankiog operation in the city—Philadelphia Savings Fund Society, the mutual savings bank which went public a few weeks ago.

The proximity of the New York money centre banks has added to this competition in the corporate banking sector, although the New York banks' physical presence is noticeably lacking.

Foreign bank representation in the city is also particularly thin given the size of the potential market. Among the major foreign banks only Bank Hapoalim and Bank Leumi, the two Israeli banks, have branches in Philadelphia.

Two other banking groups with foreign participation are also showing an interest in tha market. One is a Korean banking group and the other, to be called William Penn Bank, plans to start operations later this year with $4m in capital, mostly subscribed by European private investors.

The existing 16 Philadelphia banks, 13 of which have international departments and which collectively have offices in 22 overseas countries, are also reviewing their international banking activities.

In general they are relative newcomers to international banking scene, although several have been active in trade finance since before the turn of the century.

With notable exceptions, particularly First Pennsylvania Corporation, which is still in the recovery ward following a $1.5bn government-backed rescue operation in 1980, the heavy emphasis among Philadelphia banks on asset quality and constrolling costs has made them highly profitable.

Salomon Brothers, the Wall Street investment bank, commenting on the string of mergers, said at the end of last year "We believe that this intrastate consolidation process will give rise to a new group of holding companies which will rank among the nation's leading regional banks.

How new names view their future

THE CHANGES in state banking legislation have led to a reorganisation of the structure of the Philadelphia bank sector. Under the old regulations the industry was fragmented, with no one bank dominating the market and a "tier" of banks all much the same size offering competing services.

Now three of the city's major banks — Girard, Provident National and Central Penn National Bank—have been acquired by "out of city" banking groups, while among the other majors only First Pennsylvania Corporation has been left out of the merger rush. As a result of the merger and acquisition activity new bank holding companies have been formed and new names have appeared on the banking scene.

The following is a brief summary of the major banks in Philadelphia and their business.

Philadelphia National Bank (PNB) has emerged as the main unit in the largest Philadelphia-headquartered commercial banking group following the acquisition earlier this year by Philadelphia National Corp. of National Central Financial Corp. NCFC's principal subsidiary was Hamilton Bank, with assets of $2.5bn. The merger resulted in the creation of a new bank holding company called CoreStates, with assets of over $8.8bn.

MAJOR BANKS PERFORMANCE

(Year ended December 31 1982 and first six months 1983)

Holding company	Total assets ($bn)	% change	Net income $m	% change	Total loans $bn	% change	Return on equity %	Return on assets %
CoreStates†								
Philadelphia National Bank...	6.3	0.07	56.7	59.0	3.3	−3.0	16.3	0.96
Six months 1983‡	9.0	n/a	38.8	n/a	4.6	n/a	18.3	1.09
First Pennsylvania	5.4	3.3	−26.8vs	$29.0	3.0	−1.0	−9.2	−0.36
Six months 1983	5.2	4.4	−7.7vs	−$11m	3.2	−2.5	n/a	n/a
Girard§	4.8	0.6	31.8	−17.5	3.2	7.0	11.0	0.71
Mellon National								
Six months 1983‡	25.3	32.4	87.7	41.7	14.6	33.8	14.8	0.77
Fidelcor	4.1	12.0	28.3	−5.0	1.7	−11.0	14.4	0.77
Six months 1983	5.2	40.4	29.0	116.0	2.1	17.3	15.5¶	0.85¶
Provident National Corpn ...	4.0	20.8	44.0	11.4	1.8	14.2	16.98	1.28
PNC Financial*								
Six months 1983‡	11.5	12.0	55.6	16.0	5.5	7.2	15.9	0.99
American Bancorp	2.4	16.0	22.5	6.0	1.4	5.0	14.2	1.0
Meridian Bancorp‖								
Six months 1983	3.6	n/a	14.9	20.6	2.1	5.6	12.4	0.85
Industrial Valley Bank and Trust Company (IVB)	1.8	7.2	11.4	18.9	0.90	6.5	13.06	0.65
Six months 1983	1.8	0.3	6.1	4.5	0.92	5.5	—	—

n/a Not available. * Pittsburgh National Corporation and Provident National Corporation merged on January 19 1983 to form PNC Financial Corporation. † Philadelphia National Corporation merged with National Central Financial Corporation on May 2 1983 to form CoreStates. ‡ Consolidated figures. § The Girard Company was merged into Mellon National Corporation on April 6 1983. ¶ Returns for 1983 exclude after-tax gain of $111.1m on sale of bank premises. ‖ Meridian Bancorp is the holding company for American Bank and Trust Company (American Bancorp) and Central Penn National Bank which merged on January 1.

Sound reputation

PNB, with a reputation as a well managed, highly successful bank, has extensive correspondent banking relationships, an Edge Act subsidiary in New York and a number of overseas offices. In addition, CoreStates has set up a credit card operation in Delaware to take advantage of more relaxed consumer lending laws.

Mr Fredrick Heldring, CoreStates vice-chairman and vice-chairman of PNB, says the bank is "very strong in non-credit services requiring a very capabla and dedicated operational and systems group. We do not believa you can be an excellent bank without an excellent processing system, so we are really dedicated to that notion."

The bank has invested heavily in technology for its processing systems and in an automated teller system called MAC which the bank runs, for a fee, for over 100 financial institutions.

In the wider international banking arena PNB has tried to steer clear of syndicated loans and where it has become involved it has usually limited exposure to short-term loans. The bank's total foreign exposure is less than 14 per cent of total loans and PNB's combined exposure to Mexico, Brazil and Argentina is about 12 per cent of the bank's total net worth.

Domestically, says Mr Heldring, the bank's emphasis is "*substantially on the region as* far as loan generation is concerned." In particular the bank is seeking to expand its consumer loans and further increase its share of the corporate middle market.

Expansion at CoreStates and PNB is likely to remain controlled. Mr Heldring says, however, there may be other acquisitions and five years from now he sees CoreStates as a $15bn regional banking group —with "more than two banks in CoreStates."

PNB's fortunes are in stark contrast to those of First Pennsylvania Corporation. The latter is the oldest bank in the U.S. and was the second largest in Pennsylvania after Mellon until disaster struck in 1980.

The bank had gambled—wrongly, as it turned out—on a fall in U.S. interest rates by building up a large bond portfolio. As a result it had to be *pulled back from the brink of* collapse by a Federally sponsored $1.5bn package of loans and credit lines.

Today it is still trying to regain its earnings—and its pride. From a peak of $8.1bn in 1978 its assets had shrunk to $5.2bn at mid-year. In the second quarter the bank reported its eighth consecutive quarterly loss, bringing its net loss for the half-year to $7.7m, compared with a net loss of $11m in the corresponding period last year.

Nevertheless, the picture is beginning to look brighter. The bank has made considerable progress in restructuring its balance sheet and has started pre-paying back the loans made *available under the rescue plan.*

Mr Leonard Caldwell, an executive vice president in charge of the bank's International group, says the bank "is extremely pleased with the progress made."

Middle market

Although the bank has clearly been sidetracked by its own problems, Mr Caldwell says First Pennsylvania continues to view the market as "extremely attractive." Tha bank's strategy, he says, will be further to develop its strong market position, particularly in the wholesale middle market and "across the board in consumer banking."

First Pennsylvania is the most heavily exposed Philadelphia bank interantionally; international assets represent about 25 per cent of total assets. But Mr Caldwell, who ran the bank's London office between 1978 and *1981, says the bank's exposure* to foreign private sector borrowers is substantially lower than some of its competitors.

At Girard the current attention is focused on completing the integration of Girard and Pittsburg-based Mellon National Corp into a $25bn banking group following the acquisition of Girard by Mellon in May this year.

Mr William Eagleson, chairman of Girard and now chairman of Mellon National, says: "We are in the process of integrating the two institutions, which is the route we have chosen to go. I think that unlike some of our competitors who have also *completed mergers we are moving* ahead as rapidly as we can to integrate the organisations fully."

Mr Eagleson brushes aside suggestions that Girard may lose out in the Philadelphia market because of its new Pittsburg connections. For the moment Girard will keep its name but Mr Eagleson adds: "It is my instinct that ultimately there are advantages to be gained by operating under one name."

Meanwhile the combined company is also pushing ahead with a business development plan which Mr Eagleson says focuses on building Girard's market share on the East Coast to match Mellon's share in the west of the state.

As part of that process the group is acquiring Central Counties Bank in State College, Pennsylvania, further underpinning an East Coast banking network which already included Girard Bank Delaware.

Branch system

Internationally, he says, the merger with Mellon will extend Mellon's overseas office branch system trading under the Mellon name. In places like London where both Mellon and Girard had a branch these will be combined.

Among the other major banks in Philadelphia, Fidelity, part of the Fidelcor group is perhaps the most aggressive. In June Fidelcor completed its acquisition of Southeast National Banchares of Pennsylvania, pushing the group's total assets up to $5.2bn. Fidelcor is widely expected to make other acquisitions. In the meantime Fidelcor says the two banks will continue to be run as separate businesses.

Provident National Corp, a well managed and highly profitable Philadelphia bank which was acquired by Pittsburg National Corp and now forms part of a $11.6bn expanding banking group, is also expected to retain its separate identity, at least for the time being. The merger, which created the second largest banking group in Pennsylvania, is generally regarded to be "one of equals."

Earlier this year Provident National's trust division, the largest in Philadelphia and the fourth largest in the U.S. in terms of assets under management, became the first bank in Philadelphia to offer customers what PNC describes as "total financial planning" from one department called its Financial Planning Centre.

Central Penn National Bank, which was bought by Reading-based American Bancorp, forming part of a new company called Meridian Bancorp, is also expected to remain relatively independent, despite American Bancorp's much larger size.

High hopes on Route 202

CONTINUED FROM PREVIOUS PAGE

South-eastern Pennsylvania—a project aimed at creating almost 10,000 jobs and helping nearly 300 start-up companies in the first four years.

The other recent development in Philadelphia's race to win a sizeable share of the new emerging growth industries is in the field of finance.

One of the reasons why the region may have been slow to exploit the potential for the creation of new small growth companies was the lack, until recently, of an established source of local venture capital.

A study by Robert Mittelstaedt, a Wharton professor, revealed last year that less than two per cent of the $36m in venture capital invested in 46 local companies, mostly in the past decade, came from Philadelphia. His finding is confirmed by Mr John d'Aprix: "Most of the funds were coming in from outside the region," he says, and because of the nature of venture capital funding Philadelphia's share was limited.

This is changing, however. In the past 18 months at least five new local venture capital partnerships have been set up. Together they have over $100m to invest in small business companies, particularly in medical and biotech start-up companies.

Among these venture capital groups is one called the Century IV Partners which was initiated by the Greater Philadelphia Chamber of Commerce and the Greater Philadelphia Partnership and which Mr d'Aprix helped organise. The Partnership has already pulled in over $20m in funds, much from local businesses, pension funds, insurance companies and academic institutions.

One of the hopes is that the new local venture capital groups will be able to tap the $2.5bn in foundation money held by the regional academic institutions and foundations in addition to attracting further participations from venture capital partnerships outside the area.

Despite this enthusiasm some economists are warning that the impact of the shift in the regional economy from a manufacturing to a high tech focus should not be overstated.

Dr Kenneth Mayland and Dr Nancy Kimelman, economists at First Pennsylvania Bank, after a recent survey that showed Delaware Valley business leaders are intensifying their commitment to high-technology products, noted that "high technology involves a relatively modest share of the total labour force and Government projections have employment in the non-high-tech areas of the economy growing just as fast as high-technology employment.

"These figures suggest that any economic development plan centred on luring high-tech companies and jobs is flawed. Dozens, maybe even hundreds, of localities are competing for only 2.5m to 3m new jobs. There are just not enough jobs to go around."

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THE ARTS

Alastair Muir

Daniel Massey and Juliet Stevenson: far and away the best Isabella

Measure for Measure/Stratford-upon-Avon

Michael Coveney

Whichever way you dress it up *Measure for Measure* remains a strangely puzzling and frustrating play. Adrian Noble, directing his final production for the Royal Shakespeare Company in a busy season at Stratford-upon-Avon certainly dresses it up.

Every director, at some point or other, has to decide what sort of a place Shakespeare's Vienna is, a Vienna abandoned by a whimsical Duke to the supervision of a cold fish deputy, Angelo, who proceeds to close down the suburbs and the stews by liberating the vice squad. In this process, Angelo abuses his authority by promising to release Claudio (arrested for impregnating his fiancée) in exchange for a night in the sack with Claudio's sister, the virginal votaress Isabella.

Mr Noble gives us the Viennese schmaltz of Shaffer's *Amadeus*. Mozartian Vienna. Gilded furniture around a central mirror. A campanile tower and an iron staircase. Bob Crowley's design also provides wigs, powdered faces, and cutaway frock coats. An ingeniously staged operatic arrangement of the scene is animated by a soundtrack from Ilona Sekacz which is a poisoned echo of *Don Giovanni* and the religious music. In the moted grange (disconcertingly but stunningly conjured by two recumbent Japanese umbrellas) the boy sings "Take, Oh take those lips away" to the counterpoint of a melodiously plangent cello.

It is all very striking and something of a relief to see a *Measure* conceived as a spectacle. But it does not really make it any the less puzzling. The low-life scenes are despatched with a sort of piratical vigour, Peggy Mount swaggering to fine effect as the old bawd Overdone and Anthony O'Donnell enlivening the otherwise dull trial scene before meeting, in the prison, the imposing beard of Griffith Jones's Lord High Executioner (is that beard on a long-term contract?)

Measure is, in every sense of the word, a trial. Of nerve, of those in office, of sibling loyalty, of an audience's patience. When Isabella goes to plead her brother's case, David Schofield's Angelo sits across the long grey carpet at a red desk. Isabella faces him from another. Her vibrant sarcasm is the first of many strong points in Juliet Stevenson's remarkable performance. Mr Schofield's wheedling approach in the second interview, brushing up against her shoulder, is about the only distinguishing feature of his.

The balance of the central trio is resoundingly settled in favour of Isabella and the Duke, who obliterate ambiguity on the final line with a prolonged locking of lips. Daniel Massey plays the Duke as a cross between Noël Coward and the Mad Monk, which may be exactly what is required. But the tedious unravelling of his plot in the last act is only relieved by such deft touches as Lucio (Richard O'Callaghan) being the last person on stage to spot the difference, and the very long pause Miss Stevenson holds, in the renowned manner of Barbara Jefford, before pleading on her persecutor's behalf.

Of all the cried-up RSC young actresses in recent years, Miss Stevenson is by far the best. Lank-haired and long-jawed, she has a wonderful vocal range, a deceptive intelligence and genuine power. Why her Isabella should have considered the nunnery remains a mystery, but her full-throated delight at the series of solutions proposed by the Duke clinches the idea of a callous virgin changing her mind as the play wears on. All these shifts are beautifully registered. This is far and away the best Isabella I have seen. And, very probably, the most palatable production of the play.

Katie Mulholland/Newcastle Playhouse

B. A. Young

Possibly I'm the only living person who hasn't read Catherine Cookson's *Katie Mulholland*, whose sales make hot cakes look like potato crisps. Ms Cookson is a local heroine in Newcastle; taxi-drivers (Newcastle has the friendliest taxi-drivers I know) spontaneously launch into accounts of her life and times, real or attributed. The Tyne Wear Theatre has adapted the 200,000-word novel as part of the 1983 Newcastle Festival, and it has done a great job.

The adaptation was done by Ken Hill, who also directs. There are 19 scene changes; the designs by Robert Jones use a variety of charming backcloth scene-paintings, while the furniture slides on and off as needed. Eric Boswell wrote the songs, in a style suggesting Ivor Novello on an off-day, but arranged by Alasdair McNeill with unusual generosity of vocal counterpoint. There are simple dance routines devised by Imogen Claire. It's all carried out with much efficiency, 14 players taking the dozens of parts. Even the amplification of the songs is so tactful as to be barely noticeable under the able singing.

I am bound to say at this point that I thought the story unutterable drivel from start to finish. In the first ten minutes, kitchenmaid Katie (Prue Clarke) is raped in a summerhouse by Bernard Rosier the young master (Stephan Chase), married off to the checkweighman at the Rosier pits, and has seen her father hanged for a murder of which he is innocent. (Bernard done it, of course).

To tell even a quarter of what happens in the play's full three hours would fill the whole of this page. There are some more murders, more seductions, more prison scenes, and precious little happiness, save for Katie's fleeting (and sinful) life with her Swedish lover Andy (Richard Owens), who dies of heart failure after a scrap with Bernard. Bernard is shot in the back by his wife and remains bedridden offstage for the last 60 years of the play, which encompasses, all told, the years 1860 to 1942.

All these events are portrayed in a comic-strip simplicity that precludes any attempt at acting. Here is Bernard's line as he delays a naughty date at his engagement party: "Explain to her about my honeymoon and tell her I'll be back on the 17th." Katie, arrested in bed on a false charge, as usual, spends three weeks in prison in a nightie and bare feet. The barrister who visits Bernard in his rather more comfortable cell wears a legal wig.

The audience, mostly mature and female, were clearly ready to accept anything they saw; as most of them would have read it already in print, they knew it to be right. The whole run of the play is booked out. This may be a tribute more to Catherine Cookson than to the theatre, but it's the kind of phenomenon the theatre should always be glad to see.

Prue Clarke and Richard Owens

Cowie's Choral Symphony/Leeds Festival

Arthur Jacobs

One-hundred years ago under the conductorship of Sir Arthur Sullivan, the triennial Leeds Festival was one of the great events of the musical calendar. The excellence of its chorus was a magnet and the unveiling of new works such as Sullivan's own Golden Legend raised high excitement. Not any more. Row upon row of empty seats at Leeds town hall greeted the first performance of Edward Cowie's new Choral Symphony on Tuesday night, and it seemed as if not even the members of the chorus had brought one supporter apiece.

If a formula does exist for reviving such a festival today, when Leeds has its packed year-round calendar of concerts and a resident opera company besides, it has not yet been found. The ingenious "theme" proposed for the concerts this year, namely "painting and music," is perhaps more evocative of the intellectual discussion than of box office response.

It did afford however a rare hearing of Rakhmaninov's splendid descriptive orchestral work, *The Isle of the Dead* based on a painting by the Swiss artist Arnold Boecklin. The performance by the Royal Liverpool Philharmonic Orchestra was strong in form and feeling, thanks to that gifted young conductor Howard Williams. Having already been associated with Edward Cowie's music he was chosen by the composer to conduct the new work, and Cowie himself as both painter and composer was an obvious choice for the festival. Now resident in Australia, where he is to be the head of a new department of Performing and Creative Arts at the University of Wollongong in New South Wales, he returned for this performance of his symphony.

To visit the exhibition of Cowie's water colours at the Grand Theatre, Leeds (open until October 22) and then to hear this music was to be struck by an extreme contrast. The paintings are small, precisely outlined, and delicately figured. Miniature landscapes that might be made of stencilled paper are bordered in white and criss-crossed with tiny, written out words and music. But the new Choral Symphony is violent, dense, impressionistic—as indeed it might well be, since each of the four movements is based on a painting by Turner.

The words, partly Cowie's own, seem intended to be understood only on paper, and then to be received in performance simply as articulating the spray and rush of vocal sounds. With the Leeds Festival Chorus the result was effective, but the writing of the solo baritone part (David Wilson-Johnson) seems clumsy and impossible to make clear.

The more thickly layered parts of Britten's War Requiem might have been the start of Cowie's spectrum of sound, and there is even a quotation here from the Latin Requiem itself. But the new work is harsher and more disruptive, not least when the chorus is allowed such options as a "variable glissando" in place of the traditional "clean" ensemble. On first hearing, not all the elements seemed to fit; why that fragment of old fashioned tune on the tuba at the words "Rolling clouds bank above the distant hills"? But Mr Cowie's seriousness and originality are not in doubt. Perhaps what he describes in his paintings as "the Wollongong experiment" will now turn him to a less congested musical landscape.

Lutoslawski/Elizabeth Hall

David Murray

Who would have guessed, even ten years ago, that for a Witold Lutoslawski 70th birthday concert the Queen Elizabeth Hall would be nearly full? Fans of all ages were there on Tuesday to hear him conduct the London Sinfonietta in a programme of his own music—clever, communicative, disarmingly witty music. (Some of it was repeated in a Barbican lunchtime concert yesterday, including the new *Chain 1*—of which more below — with the Suite from Stravinsky's *Histoire du soldat*. Individual players took the spotlight in pairs: Christopher van Kampen and John Constable in the brief, rich *Grave*, Gareth Hulse and Constable again in the sweet-tempered, delicate Epitaph composed for Janet Craxton, Hulse and Nuala Herbert as soloists in the Double Concerto.

The Double Concerto—for oboe and harp—was tailor-made for the famous Holligers, but its virtuoso high spirits were fully realised in the Sinfonietta performance: dramatic first movement, rhetorically poignant second, Finale like a wild comic assault by malevolent toys. Hulse's expressive precision was as remarkable as his breath-control, and few harpists can boast of a rhythmic spring like Miss Herbert's. As usual the Concerto had an extravagant success; it is lightweight Lutoslawski, but irresistible.

The composer conducted all seven preludes from his "Preludes and Fugue for 13 solo strings": another lithe, hairtrigger performance. For the haunting cantata *Paroles tissées* the tenor Philip Langridge joined the Sinfonietta, making a sterling impression of a different stamp from Peter Pears' fine recording—less drily insinuating, larger-scaled, more directly affecting. The apparent simplicity of the score is kaleidoscopic, and will bear a variety of readings; it needs artists of such calibre to give it the wide currency it deserves.

Chain 1, which had a brilliant première at this concert, was composed for the 14 Sinfonietta principals (with Constable at a harpsichord instead of a piano). Just nine minutes long, it is the first link in a sequence which Lutoslawski promises to extend. The name suggests the manner of construction: overlapping strands in tandem, each with its own division-points and vivid character. The score leaps and buzzes—one could imagine it as a remote cousin of Oliver Knussen's *Coursing* — making exuberant capital of the high-definition Sinfonietta skills. Towards the end the strands multiply, building up an extraordinary harmonic density; an inspired "modulation" screws the pressure still higher; the music snaps into glinting fragments, and evaporates. We await the further links impatiently.

Platée/Sadler's Wells

Stanley Sadie

Rameau's tercentenary fell last week; and though the English Bach Festival have been celebrating him more or less annually for some time this year they are serving him particularly well, with a week's season in a theatre of suitable scale. Further, they are providing a chance — the first, as far as I can discover, in this country — to see his single comedy, *Platée*.

The work has not been totally neglected; it has been given at the Aix and Holland festivals, for example, and the Paris Opéra-Comique made something of a spectacular of it five years ago. Nowadays its comedy seems obnoxious: we do not find specially funny the idea of a woman too ugly to hope for marriage and too vain to realise she is. That is what this *comédie-lyrique* is about: a grotesque marsh-nymph, the butt of a prank by the gods in which she is courted by Jupiter, the object being to cure Juno of her jealousy.

Clearly this does not constitute the material for a great opera; indeed one could argue that Rameau gave up trying to compose great operas after his first few years in the theatre and spent his inventive energies on devising new kinds of decorative dramatic works. Certainly *Platée* is that. His Gallic aptitude for the musically picturesque finds a splendid outlet in the music for the frogs and the birds, the winds, and even the donkey whose form Jupiter cannily adopts when he first comes to court Plataea.

In her music too, for Plataea's lines and rhythms are constantly paradistic, ungainly and absurd; and Rameau's librettists made it the easier for him to characterise her by assigning her comical syllables ("quoi, quoi, quoi," "bon, bon, bon") which he could make cut through the ensemble textures and leave her exposed to ridicule.

This is certainly an ingenious opera then, and in fact it also proves a highly attractive one when done with as much style as it is in this production (which was given in Paris last week). In the EBF tradition, costumes in authentic style are used; *Platée* is worth seeing for these alone, so happy a visual feast do they offer. Also for the dancing.

The conductor is Jean-Claude Malgoire, whose grasp of Rameau's style has made great strides: rhythms are vital, textures sharp and clear, tempos happily judged. Among the singers Jean-Claude Orliac distinguished himself in the title role (a transvestite tenor): smooth, clear singing, exemplary diction, unexaggerated characterisation. I admired too Harry Nicoll's refined tenor for Thespis, Peter Jeffes' secure Mercury, Eiddwen Harrhy's strong, brilliant Juno, Marilyn Hill Smith's agile if rather forced Folly; in fact a good cast all through.

Record Review

The personal touch

Bach: Complete Sonatas and Partitas for solo violin. Oscar Shumsky. ASV ALHB 306 (three records).
Bach: The Well-Tempered Clavier—Book 1. Ton Koopman. Erato STU 715212 (two records).
Mozart: Complete Trios for piano, violin and cello. Lili Kraus, Willi Boskovsky, Nikolaus Hübner. EMI-Pathé Marconi 2C 151-73052/4 (three monaural records).

Impersonally "correct" performances of Bach and Mozart are no longer in vogue. Not only have notions of rectitude changed, even in the most conservative quarters, with the spread of doubts about 19th-century editions of the music and the new impact of historical studies of such matters as ornamentation upon professional performers; the relation of the performer—and his instrument—to the music conceived for them has come to be differently understood. The recordings considered here all feature performers of vivid, unmistakable character who do not romanticise their music or impose any other anachronisms upon it, but are anything but passive transmitters of composing genius.

Oscar Shumsky is a violinist and teacher of enormous distinction whose long career has not, in recent decades, kept him in the public eye. Now he has returned to intensive concertising (Dominic Gill wrote excitedly on this page about his South Bank appearance last year), and new records are being released. The ASV album comprising Bach's three Sonatas and three Partitas challenges the highest comparisons, in music that has been recorded by the most celebrated performers again and again.

Shumsky's playing imposes itself not only through superlative technique — rock-solid bowing (but musically flexible, too), a warm, vital sound, impeccable intonation — but by his grandly confident conception of every movement. The music is held in a very long view, emphasised by the broad, unyielding rhythm that underpins Shumsky's wealth of lyrical detail. His "improvisatory" quality has been much praised, but in these records it is the searchingly considered exposition that is most striking. Though he plays all the marked repeats, his majestic intensity and steady forward drive — notably in the Sonata fugues — grip one's attention continuously.

Ton Koopman, still in his thirties, is a Dutch harpsichordist, organist and conductor who has made records in all three capacities. In the first book of Bach's "48," *Das Wohltemperierte Klavier*, his modern scholarship is happily informed by any amount of individual imagination. His ornamentation is crisply elegant and expressive, and his lively phrasing is a far cry from the literal ponderousness that was supposed, only a generation ago, to be a mark of due sobriety in Bach.

The astounding variety of character in these Preludes and Fugues fairly leaps to the ear. Koopman's light, springing touch is a tonic in many pieces—he likes to end many phrases with a dry flick where duller players leave the last note round and plonking—but he can offer a rapt, singing quality in slow music. Fugue subjects are invariably endowed with pungent character, and where Bach revels in the special properties of harpsichord-sound, Koopman does too. Like Shumsky, he has the benefit of superb recording: listen to the radiant glow of the opening of C major Prelude.

The Mozart piano Trios on EMI-Pathé Marconi are a treasurable re-issue from 1955, in decent monaural sound. Historically, the medium began as an expanded version of the piano sonata, with violin and cello merely enriching musical substance that remained essentially in the pianist's hands. Mozart's earlier trios are like that, though in the magnificent later works the stringed instruments come into their own; and the pianist Lili Kraus in fact dominates every performance here. Her partners are excellent musicians, but the sheer force of the Kraus personality sweeps them along in her wake.

She is a faithful partner, in her way, stepping back at the right moments to allow the strings their say. Evil-minded critics will observe nonetheless her trick of re-entering with a superb flounce, like the Marschallin asserting her authority. I love it, but I admit it's a special taste. The splendid toss of the head is almost visible. Yet she is a paid-up Mozartian of faultless credentials, and the verve, wit and grace of these performances brook no argument. Mozart was often happy enough when writing for *monstres sacrés:* Miss Kraus is of their number, and surrendering to her is pure delight.

DAVID MURRAY

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Sept 30–Oct 6

Exhibitions

NEW YORK

Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Gontcharova. Ends Nov 27.

Pierpont Morgan Library: Drawings of fourteenth to eighteenth-century Italian masters include a large number of sketches for paintings by Canaletto, Piranesi, Titian and Tintoretto. The drawings show off the draughtsmanship of the painters and the development of their compositions from these preliminary but evocative works. Ends Nov 13.

CHICAGO

Art Institute: 237 works from the Vatican Collection show the range of religious and secular art that Popes collected as important patrons to both artists and archaeologists. Compared to what can be seen in Rome, the travelling exhibit may seem meagre but at the same time, major works like the Apollo Belvedere and Caravaggio's The Deposition can be better highlighted in this carefully chosen and well-groomed selection. Ends Oct 16.

Museum of Contemporary Art: More than 100 works of the provocative, if not outrageous, sculptress Louise Bourgeois comprise the first major retrospective of her work, going back to the 1940s. The sexual and Women's Lib themes of recent times gained the artist a notoriety, here put in perspective. Ends Oct 30.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlán, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8, 1984.

Hirshhorn Museum: Direct Carving in Modern Sculpture is a cleverly assembled show from the museum's own collection of works by Brancusi, Gauguin, Hepworth, Moore, and Noguchi, among others, showing the taille direct technique as revived in the late nineteenth century and used even today. Ends Nov 27.

PARIS

Murillo in the Museums of France. In one of its excellent didactic exhibitions the Louvre has assembled, to mark the 300th anniversary of the artist's death, his paintings and drawings – among them the Young Beggar – from French public collections. Plans, photographs and engravings help us to situate the Sevillan artist in the context of his times. Closed Tue, ends October 24, Louvre, Pavillon de Flore (2603926).

Musée Marmottan, 2 rue Louis-Boilly: an important collection of paintings and drawings by Claude Monet and his friends, including the famous oil "Impression – Sunrise," which gave the name to the whole movement. Closed Mon.

ITALY

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neogothic paintings for church windows.

Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli.

Florence: Palazzo Pitti: 100 paintings and collages from all over the world by Gino Severini on the centenary of his birth. Orzinuovi (a small town near Brescia) till Oct 16: exhibition of 170 paintings by Antonio Ligabue, 46 of which have never been exhibited previously.

LONDON

The Hayward & Serpentine Galleries: The Sculpture Show – this year the Arts Council's annual review of some particular aspect of contemporary British art – takes new sculpture as its subject, with the personal selections of three invited jurors covering altogether the work of some 50 artists. But so wide and various is this field, that this is no definitive show: rather it is its very partiality which makes it so useful, bringing to the domestic public the work of a younger and ascendant generation that has already begun to attract considerable attention abroad. Ends Oct 9.

The National Gallery, Manet at Work: this year falls the centenary of Manet's death, which now, in the knowledge of the great old age achieved by his Impressionist contemporaries, whom he influenced so positively, seems so sadly premature. The great retrospective in Paris this summer clarified the nature and significance of his achievement. Here the National Gallery does not give us anything so comprehensive, but takes eight major works across the range of his career, and by simple scholarly exposition, shows us how he set about his business.

The Royal Academy: Art of the Avant Garde in Russia 1910-30: a selection amounting to some 300 works from the astonishing collection formed since the War by George Costakis, sometime official in the Canadian Embassy to Moscow. The Russian artists in the years before and after the Revolution were as stimulated by the ideas and events of that time as their fellow-intellectuals and consequently denounced as decadent when Stalin decided they were too dangerously free and should be suppressed. One wonders how many more works are still under lock and key. Ends Nov 13.

BRUSSELS

Utrillo Centenary Exhibition: Musée St George, Liege. Ends Oct 16.

James Ensor: Koninklijk Museum, Antwerp. Ends Oct 30.

WEST GERMANY

Hildesheim, Römer- und Pelizaeus-Museum, am Steine: The only German venue of Art Treasures from Ancient Nigeria with 100 exhibits bearing witness to the oldest African cultures from 500 BC to 1900 AD. Ends Oct 23.

Berlin, Akademie der Künste, 10 Hanseatenweg: Suprematism, Russian style, is documented here with roughly 500 original designs. Manifestos, photos and paintings from between 1900 and 1917 by the painter Kasimir Malevith. The poet Alexander Krutshenych and the composer Mikhail Matyushin. Ends October 9. Also at the Akademie der Künste: a show of the work of Julio Gonzales (1876-1942), the Spanish sculptor, with 250 exhibits, among them pictures never shown before. Ends October 23.

Hamburg, Kunstverein, Glockengiesserwall: 120 drawings, water colours and gouaches from between 1881 and 1955 by Fernand Leger, the French master of Cubism. Ends October 16.

Hanover, Kunstmuseum, Kurt-Schwitters Platz: more than 100 paintings and coloured sheets from a northern German private collection by Horst Antes. Ends October 17.

Bottrop, Josef Albers Museum, 20 Im Stadtgarten: oil paintings, drawings and graphics by artists from the Brücke School of painting – among them Ernst Lodwig Kirchner, Max Pechstein and Erich Heckel. Ends October 16.

Mainz, Mittelrheinisches Landesmuseum, 49–51 Grosse Bleiche: The first venue of an exhibition reflecting artistic developments in France between 1960 and 1980 which is presently touring the Federal Republic. The show has more than 140 pictures and sculptures by roughly 50 artists. Ends October 5.

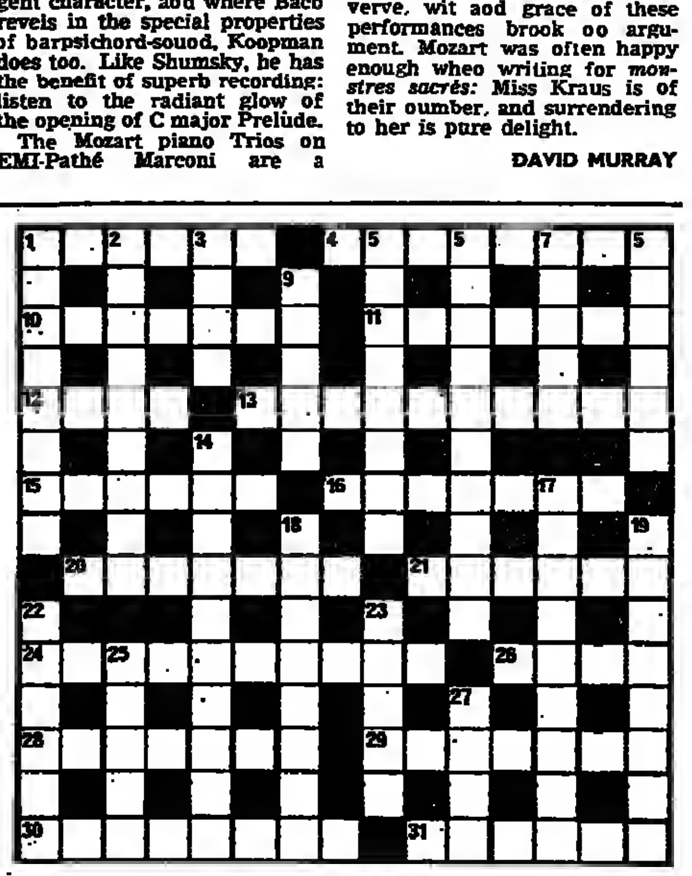
F.T. CROSSWORD PUZZLE No. 5,235

ACROSS

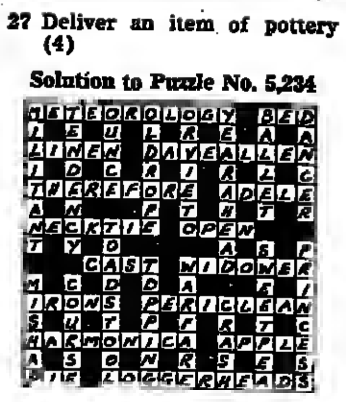
1 Close in an attempt to be fashionable (6)
4 Meat for sale at a bargain price? (8)
10 Invest in a unit of the open market (7)
11 Disapproving expression, and a sinister one (7)
12 Final date in the Julian calendar? (4)
13 Pedestrian crossing (10)
15 An asinine remark (6)
16 King leaves to shorten meeting (7)
20 I belong to base order (7)
21 Healthy transport in decay (6)
24 Officially register a complaint (6, 4)
26 Pronounced fit to be the first murder victim (4)
28 Stumble on crude oil in N. Africa (7)
29 For about a pound a girl sees part of America (7)
30 If you study it you may become an expert in time (8)
31 Come down on fire (6)

DOWN

1 When darkening skies are tinged with gilt anew? (8)
2 Segregate something that may be present (6-3)
3 Expensive address (4)
5 Antigone's form of denial (8)
6 Foreign settlement? (10)
7 Rediscovered ducal name (5)
8 I object with some point to the subjects (6)
9 Boat causes waters to rise (5)
14 A working reserve (6, 4)
17 Breaking bread over fish (9)
18 Wood to throw outside for cutting (8)
19 Stout fellow broke the law in the beginning (8)
22 A miserable chap (6)
23 Mock food (5)
25 Previous head of the convent (5)
27 Deliver an item of pottery (4)



Solution to Puzzle No. 5,234



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Thursday October 6 1983

Labour trips on defence

AT THE beginning of this week the British Labour Party had its best day for many years. The party bas a new leader and deputy leader both of whom were elected by an overwhelming majority. All the talk at the Brighton conference was of unity.

It would be inaccurate to say that this unity had failed its first important test for what happened in the defence debate yesterday was not that the party split down the middle, as it bas on this issue in the past. On the contrary, the conference decisively reaffirmed its belief ir unilateral nuclear disarmament, with only an articulate minority speaking out against.

Indeed, the debate would have been considerably less dramatic if the Labour MP Mr Gavin Strang, had not provoked Mr James Callaghan the former Prime Minister, into intervening. Mr Strang was under the mistaken impression that Mr Callaghan was about to intervene in any case, so he ettacked him in advance. Mr Callaghan then went to the rostrum and said that Labour's defence policies bad cost millions of votes at the general election. It was just the sort of exchange that the conference as a wbole wisbed to avoid. As a result Mr Strang was not the most popular figure in tha parliamentary party last night.

It is also true that some of the most extreme resolutions were rejected. For example, there was very little support for a motion which implicitly condemned Mr Callaghan for stabbing the party in the back by his remarks on defence during the election campaign. At the other end of the spectrum, a resolution from the engineering workers calling for *multilateral* nuclear disarmament was also defeated. Unilateralism easily won the day.

Language

The language of even so-called moderate resolutions which were passed is worth noting. Composite resolution 39 says that a future Labour defence policy must be non-nuclear and "solely concerned with the protection of Britain and its people." If that is not an anti Nato resolution, it is hard to see what is. For the idea of only looking after your own defence is bardly compatible with membership of an alliance. The next logical step would be non-alignment, as indeed Mr Tony Benn is already predicting.

The Labour Party is perfectly entitled to commit itself to unilateralism if it wishes, though it must also be prepared tc face tha electoral consequences which were none too good last June. One of the problems however is the party'a habit of lumping all defence recommendations into a single resolution.

There is a perfectly good case, which we bave argued ourselves several times, for not replacing the Polaris nuclear force with Trident. There is an even better case for including Polaris in multilateral negotiations on arms control at the appropriate tima and place. An excellent case might also be made for a nuclear freeze, provided it is realised that it would need to be verified and then followed by intense negotiations on arms reduction.

Labour, however, wants it all at once and an end to alliance obligations to boot. Moreover, while the party speaks of a non-nuclear defence policy either within or outside Nato, there has been little acknowledgement so far of the increased expenditure that reliance on conventional forces would entail.

In a conference briefing paper yesterday Mr Strang did not conceal bis readiness to withdraw from the alliance. Yet there is a notable contradiction in his approach. If, as be argues, it is wrong to keep Polaris as a negotiating weapon wbich might exert some influence on the superpowers, it is equally wrong to believe, as be does, that a Britain which bas totally renounced nuclear weapons will be able to give a lead for effective world disarmament. The arrogance of the unilateralists is merely the counterpart of those wbo insist that Britain must maintain an independent nuclear force at all costs.

Mr Denis Healey and some of his colleagues say that it was unrealistic to expect Labour to change its defence policies at one conference, especially so soon after a general election. Perhaps. Yet yesterday's votes are a reminder of bow far the party has to go if it is again to appear credible to a majority of the electorate.

The lessons of African elections

KENYA'S ELECTIONS last week, and Nigeria'a five-week-long polling marathon in August and September, provide good examples of the two contrasting electoral systems in Africa: the former in a one-party state; the latter with six contending factions. Zambia is due to hold a one-party poll at the end of this month, and Malawi beld its own earlier in the year.

It may seem peculiar that one-party states hold national elections at all, since the overall result is a foregone conclusion. Yet a number in Africa religiously go to the polls every four or five years to renew their unchallengeable mandate. As for the multi-party democracies on the continent, some would argue that they are little different, because the ruling party almost invariably tends to reinforce its dominant position.

The higgest questions over the one-party system as it is practised in Africa are whether it provides any adequate mechanism for change of leadership, and whether it allows for any debate of genuine policy alternatives. The outcome of the Kenyan elections suggest a negative answer to both those questions, but it has shown thet the system is rether more flexible than it might appear on the surface.

Personalities

In both Kenya and Malawi, nearly half the sitting representatives were rejected by the voters—some 40 per cent in Kenya's case, including five Cabinet Ministers. Kenyan electors were given a wide choice of candidates, up to 15 in some constituencies, and very few were actually turned down by the party hierarchy wben they submitted their nominations. Moreover, the intention of President Daniel arap Moi in calling the election —which was to rid the party of "distoyal" members—was not notably successful: as many of his own supporters were defeated as were opponents.

Nevertheless, the major issues of concern in the country were not aired in the campaign: the underlying threat to the political system represented by an abortive coup attempt in 1982, and allegations of renewed coup-mongering this year; and the need for a redirection of economic development and reform of tha state bureaucracy, to cope with the country's serious economic problems. The outcome was decided on the basis of parish-pump concerns and personalities.

President Moi himself was returned unopposed—as President Kaunda will be in Zambia at the end of the month, although he at least will have to win a 51 per cent vote cast in his favour. The question of ensuring a smooth transition when tha time comes to find a successor, or indeed if the public mood were to swing against tha head of state and bis administration, is not even hroached. So the likelihood of its coming in the shape of some sort of coup must be all the greater.

In Nigeria, wbere President Shebn Sbagari was sworn in for a second four-year term on Saturday, there has been some desultory talk of his landslide victory leading inevitably to a one-party state. Heppily, the President bas himself rejected any such suggestion. That is not to say that Nigeria is e very successful example of multi-party democracy. There were widespread and in some cases undoubtedly justified allegations of vote-rigging and ballot box-stuffing following the elections.

One reassuring feature of the Nigerian poll was the defeat of the ruling National Party in at least one state — Kwara — proving that a ruling party can lose. Another has been the independence of the Nigerian judiciary in challenging some of the more blatantly absurd results

More disturbingly, the Nigerian elections failed as badly as the Kenyan in promoting a real debate of broader policy issues. Both countries need to rethink their economic development strategies. But serious debate about the different priorities of development spending—whether or not to promote import-substituting manufacturing industry, often at the expense of agricultural development, and bow far to restrict or promote the role of the public sector in development—was not forthcoming. The consequence is that such questions are left to secret negotiations with men from the IMF and the World Bank. When decisions finally bave to be taken by the government concerned, they are resented rather than understood, and only fuel political discontent.

ECONOMIC VIEWPOINT: WORK SHARING

A flawed, dangerous nostrum

By Samuel Brittan

AS IN every period of high unemployment, calls are going out in many countries for measures to cut the labour supply. The EEC Commission has made common cause with the unions in demanding a shorter working week. One well-meaning body after another calls for early retiremant, longer schooling, or even military conscription: anything that can be dreamed up to take more people out of tha labour force. Even the British Government has provided financial incentives for early retirement and sharing of jobs among part-timers.

Yet this wbole line of reasoning is fundamentally flawed; and if followed would needlessly impoverish us all. Tha fallacy involved is known as the "lump of labour fallacy." It is the belief that there is a fixed amount of work to be dona; so that if there are more people or technological progress enables ona man to do the work of two or 10, the result is bound to be unemployment. It leads to the erroneous remedies of compulsory work-sharing in all its unlovely varieties.

The dangers of the "lump of labour fallacy" are vividly brought out by the question of the normal retirement age. Much of tha public expenditure problem in many countries derives from the ever-growing demands of an ageing population on the taxpayers and on social security contributors still at work. The most bumana approach would be to encourage those still capable and willing to prolong their working lives. Yet proponents of the "lump of labour fallacy" want to move in tha opposite direction, to rednce the retirement age and further increase the burden on taxpayers in the misguided hope of easing unemployment.

Ever-growing demands of an ageing population on tax-payers

Alarms about technological development destroying jobs are nearly as old as the human race. They have been expressed wbenever an apparently labour-saving invention has appeared. Few people now remember the scare when the earliest types of automation appeared in the motor industry in the 1950s; but other examples go back much further—well beyond the Luddites who roamed the country after the Napoleonic Wars destroying machinery. In the sixteenth century sheep were believed to be "eating up" jobs on the land. No doubt the inventors of the wheel were denounced for putting pack-asses and their attendants out of work.

What is outrageous about the fallacy is that it promotes not voluntary but involuntary leisure; its proponents try to stop people from working in the official market place (although fortunately not in the black economy) to satisfy each other's needs.

Yet there cannot be "too many workers" so long as there are unsatisfied human needs or desires, which there certainly are. If such needs were really satisfied, few people would be interested in winning the football pools or obtaining pay increases, as they would not know whet to do with the extra cash. Satiation of wants—even in western industrialised countries, let alone in the poor Third World—does not pass muster as an explanation of present-day unemployment.

The falsity of the "lump of labour fallacy" ought to unite both old-style Keynesians and "monetarist," or "classical," economists. Tha former group might attribute unemployment in advanced industrial countries to inadequate demand due to deficient monetary and fiscal policies. The latter group would attribute it to excessive real wages, pricing peopla out of jobs. Yet a third group, cutting across the main divisions, would say that tha root of the trouble is perverse wage-fixing institutions which cause increases in demand to be swallowed up in higher wages and prices. But none of these schools of thought can attribute unemployment to the mere number of workers in the labour market.

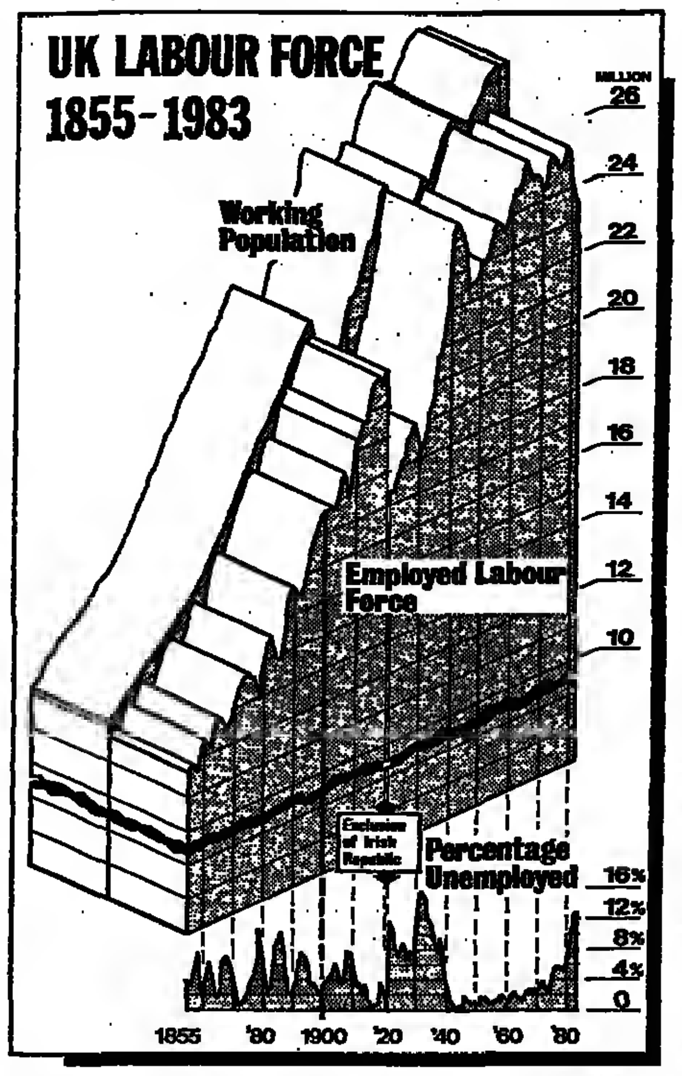
Unfortunately, however, professional economists are far from free of the fallacy in their public pronouncements. For instance, the OECD has just published a media-satisfying *Employment Outlook*, suggesting a spine-chilling prospect.

The report is based on an "accounting framework," which may be useful for very short-term forecasts, but which is systematically misleading for long-term structural policy. This framework is based on an estimate of the increases in labour—18m to 20m in the OECD area in 1984-89. If, in addition, unemployment is to be redneed to its 1979 level another 15m jobs will be required, making a combined total of 35m, or "20,000 extra jobs, every day."

In this framework, shorter hours or withdrawal from the working population, appear as beneficial ways of easing the problem. Otherwise—and this is arithmetically true — the prospect of jobs, given productivity growth, depends on the expansion of output. Although it is not explicit beyond 1983-84, the impression is given that output prospects are grossly inadequate, at least in Europe although not in the United States, to prevent unemployment from getting worse.

The report pays lip-service to some of the real causes of unemployment in the introductory chapter by mentioning factors such as the decline in rates of return on capital and the disproportionate rise of the share of labour costs in value added. But this is grafted onto a report based on an accounting framework in which depressed labour markets have no effect on real wages. and wages have no effect on employment. Even the introductory chapter calls for selective "early retirement" and "job-splitting".

The fundamental fallacy is to suppose that the number of people in the working popnlation and the number of jobs are two entirely independent quantities, which have no relation with each other; so that if the working population doubles, the unemployment rate, if it is zero to start with, rises to 50 per cent. It ignores the fact that if there are more people available for work, it will be in someone'a interest to employ them and produce more output.



Martyn Barnes

Source: Statistical Tables of National Income etc., Cambridge 1972 and FT Statistics Division.

Astonishing though it might seem... the number of jobs also rises in line with the working population.

Since no amount of abstract reasoning seems to carry conviction, it is useful to look at the crude historical record. The chart shows the growth of the UK working population from 12m in 1855 to 20m in 1909, and 26m in recent years. Desplta changes in the proportion of retired people, schoolchildren, students and non-working wives, the series moves in very much the same direction as that of the total of thc population itself.

The line underneath shows the total number of people in employment including self-employment. Astonishing though it might seem in the light of contemporary wisdom, the number in employment also rises in line with the working population. In 1855 it was 12m; in 1909 it was 18½m; in the middle 1960s it exceeded 25m, before declining to abont 23½m in tha recent recession.

Of course tha labonr market does not adjust perfectly to the shocks it experiences. Unemployment — the gap between the working population and total employment — fluctuates a great deal both with the short-term economic cycle and with longer-term economic conditions. But it is largely independent of the total number of people in the labour force.

Tha absorption of the growth in the working population took place despite not merely an increase in population, but an increase in what each person could produce. Output per head nearly trebled between 1860 and 1960; but as total output rose nearly sixfold, both productivity and tha growth of population could be absorbed. The process has of course been going on a very long time, starting from the very small population after the Black Death of the 14th century; and new countries like the U.S. offer even more spectacular examples of rising output and rising employment to ebsorb the growth in the number of workers.

Calculations of an ineradicable "employment gap" ara an example of the "economics without price" argument which clouds so mucb thinking. Sucb calculations take no account either of the possibility of growth (counting *voluntary* leisure as a form of growth) speeding up to take advantage of a bigger supply of labour; or of the effects of a surplus of workers reducing the rewards cf labour relative to those of capital, and thns promoting the use of more labour-intensive methods.

By far the most illuminating part of the OECD report is that on part-time employment which bas accounted for one out of every two net new jobs since the 1973 oil shock. The vast majority of these jobs did *not* represent a job-sharing response to depressed labour markets, but were voluntary. Most part-time workers are women and the shift towards service employment provided scope for part-time female jobs. Significantly bourly wage rates for part-time workers are often lower than for full-time workers, so employers have an incentive to hire them. They are also entitled to fewer fringe benefits. Part-time labour also tends to be temporary, which further reduces hiring and firing costs. If this clue to the importance of pay and other labour costs had been followed up through the document, the whole "accountancy framework" would have burst assunder.

Finally, what of the possibility mentioned by Prof. James Meade in the October Lloyds Bank Review that "chips and robots" will make capital so much more important relative to labour that the market-clearing price of labour will fall catastropbically? This did not happen with past technological development because a good deal of labour was still required to make and service machines and for a vast number of less mechanised activities; and I personally doubt if it will happen in future. But it is et least *conceivable* that robots will produce most of what we need, as well as service and reproduce each other, with only modest labour requirements per unit of robot.

If all workers held some capital, the result would be economic hliss. Most desires and needs would be met with e minimum of effort; *voluntary* leisure would be high; and even though wages might be low, peopla's income would mostly derive from their share in profits earned on robots.

Alarms about new technology are nearly as old as the human race

The obstacle in the face of this utopia is the present concentration of capital ownership. Workers would, therefore, have an interest in holding real wages above market-clearing levels by union or similar activities with a resulting rise in unemployment.

Meade has two remedies; one is a form of nationalisation; the second and more interesting, would be "a property-owning democracy, in which the representative citizen was a representative owner of property as well as a representative potential worker. The national income, including the products of the robots, would again be more equally divided and the workers' decreased employment would again become voluntary leisure rather than involuntary unemployment."

Although, unlike most children I meet, I do not take seriously the utopia, or nightmare, of a completely robot society, I do think that there are sufficient forces tending to lower the price of labour relative to that of capital to take Prof Meade's worries very seriously. But the response should take the form of market-clearing wages combined with a wider diffusion of property ownership rather than illiberal constraints on who can work for whom and for how long and up to what age.

Men & Matters

Giving up drink

The redoubtable Mary Cunningham is leaving Seagram, tha distilling group, where she has been a vice-president for the past two and a half years.

She joined Seagram in tha wake of the row which blew up at Bendix Corporation over her relationship with the equally redoubtable Bill Agee, then the chairman of Bendix and now her husband.

Agee, in his turn, left Bendix after it was acquired by Allied Corporation in one of Wall Street's more bloody takeover battles.

Mary Cunningham has been advising on tha development of Seagram's wine interests, which were broadened last week by the decision to buy Coca-Cola's Wine Spectrum subsidiary. She assures me that the idea of an acquisition came from her.

She will now be devoting ber energies to Semper Corporation, a venture capital and consultancy business set np by berself and ber husband. But, U.S. male chauvinists in business be warned, she "has every intention to continue to be involved in large organisations in this country."

While the cat's away

West Germany's thrifty finance minister, Dr Gerhard Stoltenberg, mada what turned out to be an expensive business trip to Brussels the other day.

He left Bonn assuming that his cabinet colleagues would approve a rise in export credit insurance charges by an average of 40 per cent with effect from this month.

Stoltenberg argued that he needed the money because the state-backed insurance scheme was plunging into deficit and the bole had to be plugged with tax-payers' funds.

When be got back bome, however, be learned that the cabinet had given the green light for a rise—but not until April Fool's day next year. Evidently complaints from exporters and their banks bad a lot to do with the contrived delay.

Stoltenberg has a right to be angry — naturally placid man though he is. He will have to wait for his money and plug the gap somehow in tha meantime.

But . . . what are just a few million D-Marks when you are struggling with a net government borrowing need next year of nearly DM 40bn.

Noble cliffhanger

Messages of congratulations poured into the tiny desert town of Gerlach, Nevada, yesterday as the British world land speed record team, a new record of 633.468 mph under its belt, began preparations for a triumphant homecoming.

A meeting of the team decided not to make further runs to lift the rerord higher—in spite of the fact that Trust 2, driver Richard Noble's Rolls-Royce Avon powered jet car, had reached e peak speed of just under 650 mph.

A major factor in the decision was the deteriorating condition of the desert at the north end of the 12-mile track. That prevented him from having a go at ahe flying kilometre record as well.

But Noble is indisputably the fastest man on earth: be exceeded tha 13-year-old record of 622.407 mpb beld by Californian Gary Gabelich by more than 11 mph.

The lobby of the small motel which has served as team headquarters for the past month was covered yesterday with messages of congratulations from more than 200 Britisb companies which have contributed £1.3m to the project.

For Noble, a 37-year-old marketing executive from Twickenham, the record marks the successful end of nine years of hard work—with the last two years of actual record attempts plagued by bad weather which flooded the desert track several times.

"Kinnock's started compromising already I see"

The record attempt has also been a cliffhanger financially. The team bad actually run out of funds at the end of last week. There was an anxious wait while in London a sponsors' meeting was beld which finally decided to allocate a further £20,000 to allow the team to operate until the end of this week. Noble made it with just days to spare.

Third time lucky

One person deligbted with the award of tha Nobel Peace Prize to Lech Walesa is Herman Rebhan, general secretary of the 14m-strong International Metalworkers' Federation.

The leader of the international union nominated Walesa for the peace prize in 1981, 1982, and again this year.

"I had given up hope," be said from his Geneva-based headquarters, "but it'a better late than never. I am sure every Pola will be celebrating the award. So too will all trade union organisers around the world. This is the first Nobel Peace Prize for a trade union leader. It shows that the idea of independent trade unionism is alive and kicking."

Although Rebhan met with several of Walesa's aides his projected meeting with the Solidarity leader was dashed wben the Polish Government refused tha IMF general secretary a visa to visit Poland.

"Now I hope I can meet him when bc comes to Oslo to get the award," said Rebhan. "That is if Gen Jaruzelski gives him a passport that allows him to return to Poland."

Ireland Ltd.

Irish investors and commentators who turned up in Dublin this week to bear the economic forecaster Bob Beckman could hardly believe their ears. The author of The Downwave who predicts an imminent great world depression is very bullish about Ireland Ltd.

Beckman, who is in Ireland by courtesy of the Irish office of Guinness and Mahon, thinks the Irish Government is doing a better job than is Mrs Thatcher. . . . "Thirty-five per cent VAT in Ireland," he mused admiringly.

Ha also thinks that the Punt has better long term prospects than sterling, even without Irish oil.

All this is beady stuff to be serving up to tha Irish who, these days, are used to fairly unremitting gloom.

There is, bowever, a qualification to Beckman's prediction thet Ireland could be well-placed to take advantage of recovery. His time-table envisages that recovery not starting before the mid 1990s. . . .

High office

From an Ohio college magazine: "Members of the Britisb Cabinet are created Privy Counsellors on assuming office. When writing to them one addresses them as 'The Tight Honourable.'"

Observer

Robert Cottrell reports on the mood of Hong Kong

A bad attack of nerves

THE HONG KONG stock market stands at half its level of 15 months ago. The Hong Kong dollar, on a trade-weighted basis, is worth almost a third less than it was a year ago. Last week the Government had to take over a local bank to stop it going bust. Over the weekend a second bank bad HK$200m of new capital injected into it to pre-empt the possibility of falling victim to rumour-mongering. Two directors of a large public company have been charged under the territory's theft ordinance. If, as seems increasingly likely, their company is liquidated, it could leave debts of over US$1bn.

The territory's largest property group has just passed its interim dividend for the first time since 1915. Its chairman quit the next day. This is Hong Kong, not in 1997, but in 1983. And these events take place not against a background of local economic recession, but of export-led recovery.

The financial fabric of the British colony, left stretched and threadbare by a shares and property boom-and-bust, is being ripped apart by political crisis. China says it wants sovereignty and administration over the whole of Hong Kong in 1997, when Britain's lease over most of the territory expires. The financial markets are manifesting the symptoms of nervousness and lack of confidence engendered by that aspiration. Britain's lease may have over 13 years left to run, but the consequences of its expiry are being felt a great deal sooner.

Lunchtime chat in the businessmen's clubs of central district can be a gloomy affair. Somebody will know somebody else at a consulate in Hong Kong which is being deluged with visa applications from people anxious to hedge their residency bets. There is gossip about who is thinking of opening another office in Singapore; about bow people would rather work for an international firm than one based just in Hong Kong; about the most recent pronouncement from Peking on Hong Kong's future; about whether the confidentiality of the Sino-British negotiations makes things better or worse. People are glassy-eyed with talking about "1997," but still they talk.

Publicly, many of Hong Kong's prominent bankers and businessmen are ready and willing to stand up and proclaim their confidence in the territory's future. Privately, not so many are without their doubts and fears. Yesterday Sir Edward Youde, Governor of Hong Kong, left for London with his senior advisers to consult with the British Prime Minister and her colleagues. A phrasa which will no doubt echo through the ministerial corridors is the Sino-British commitment, published last year, to Hong Kong's "stability and prosperity." It is not clear that Hong Kong can etand too much more of the sort of stability it has seen in the last two weeks.

Hong Kong is a mercantila society, the security of whose most cherished institutions is now being called into question by the debilitating effects of political uncertainty. The Hong Kong dollar has become untrustworthy as a stable repository of value. On Saturday September 24 it lost no less than 8 per cent of its value against the U.S. dollar, plunging to an all-time low of HK$9.50. After recovering on the back of a Government statement indicating plans to support the currency, the dollar has in recent days fluctuated, often widely and rapidly, in a band of HK$8.00-HK$8.80 against the U.S. dollar.

It remains to be seen whether and how the Government will translate its so far obscure intentions towards the dollar into practice. Its stated intention is to produce "an exchange rate which would more accurately reflect the fundamental strength of the economy." One proposal which the Government has said is being "actively developed" would involve restructuring the way in which Hong Kong's two leading banks issue banknotes and would assign to the government "a more significant role in the exchange rate determination mechanism."

Expectations of what tha Government may do include a revision of controls on banks' liquidity, and perhaps e short-term pegging of the Hong Kong dollar against one or several currencies. The Government, thought to be advised by the Bank of England, is treading cautiously.

In tha absence of effectiva action, the dollar remains vulnerable to instability associated with political worry. A foretaste of what such instability can mean came in the wake of the currency's fall to HK$9.50. Shoppers panic-bought staple foods ahead of feared price rises. Some banks were rationing the issue of U.S. dollar notes. Some traders declined to quote prices for imported goods. The Government warned that it was illegal to require payment locally for goods and services in foreign currency.

The queues subsided. But it was a worrying time which kept top officials in continuous meetings through that weekend.

If the dollar looks vulnerable, so too do some of Hong Kong's banks. The Hang Lung bank, which enjoyed little sympathy in the banking community for its close links with e failed deposit-taking company, was taken over by the Government last week to stop it going bust. Without this intervention, Hang Lung would have been unable to meet in full HK$148m of cheques falling due to it through the banks' clearing system. A run would almost certainly beve developed. Bankers and investors were already all too willing to believe that more than one bank could have been in tronble. The run could have spread.


Glyn Genin

One bank falling victim to rumours was Sun Hung Kai, which noted a trend towards the withdrawal of deposits last week and moved rapidly over the weekend to shore itself up with a HK$200m support package from its three major shareholders. Unlike Hang Lung, Sun Hung Kai was able to meet its obligations. But, having suffered an unfounded run in 1978, its directors did not feel like repeating tha experience.

It says something for Hong Kong today that the possible failure of a property group with debts of some US$1.2bn should be just one problem among many. Carrian is the extreme case of bow high a company could ride on Hong Kong's property boom, and how far it could fail in the bust. At its peak two years ago, Carrian Investments enjoyed a market capitalisation of HK$6bn. Its shares have been suspended since January this year. The group as a whole now has negative net worth.

The affairs of Carrian are now before the courts. Its chairman and an executive director are charged with offences under the theft ordinance, and more charges are expected.

The best antidote available to the doom and gloom of the monetary, banking and corporate sectors is the strong recovery this year of Hong Kong's export trade. With domestic exports now forecast to grow this year by 11 per cent in real terms over 1982, the Government can expect to realise its forecast that Hong Kong's gross domestic product will increase by 5.5 to 6 per cent in real terms—better than double the 2.4 per cent recorded last year.

But political uncertainty is biting even into Hong Kong's thriving manufacturing base. The weak dollar is helping boost exports now—but it is also putting upward pressure on the domestic inflation rate, and making capital investors hesitant.

In short, as Britain and China argue over the best medicine to preserve Hong Kong's stability and prosperity, the patient is not getting any better.

British Government Spending

Time to look at the real issues

Many economists tend to assume that the argument between higher and lower public spending is a purely political one. . . . But that is surely a cop-out.

£ PUBLIC SPENDING

NOW THAT a reasonably full set of the documents relating to the long term outlook for public spending in the wake of the Think Tank report has reached the Financial Times, it becomes more than ever apparent how essentially non-secret the whole matter is and bow much tha Treasury and the Prime Minister would heve gained from an open debate.

Although a selective leak of some supposedly juicy aspects appeared during the election campaign it looks as if the documents date in the main from the second balf of 1982. Nevertheless, it is bighly likely that the revised versions prepared for the present Chancellor are very similar in conclusion and general outline.

The official calculations fall into two parts. There is an estimate of public spending in 1990-1991 on the assumption that present Government commitments and policies are continued.

The resulting estimate is expressed in what Treasury economists call "cost terms." But this simply means ordinary cash spending adjusted for tha general rate of inflation. Apart from that it is actual and not "funny" money.

On this basis public expenditure is reckoned to be in 1990-91 some 13 to 14 per cent higher than in 1982-83. But as the latter was a year in which expenditure was swollen by the recession — eg in subsidising loss-making nationalised industries—the Treasury's preferred comparison is with 1979-80. On the latter basis public spending is 18 per cent up by 1990-91 on "low growth" assumptions and 20 per cent up if growth is better.

The second and more controversial part of the calculations is an estimate of public sector revenue on two alternative assumptions, as illustrated in the table elsewhere in the FT. The first, called Scenario A, is that the economy grows by an everage annual rate of 2½ per cent, equivalent to that of the 1950s and 1960s before the 1973 oil shock. It is incidentally equivalent, or even slightly under, the probable current rate of growth as the UK emerges from recession.

If Scenario A is fulfilled then on Treasury estimates, the Public Sector Borrowing Requirement will be down to 2 per cent of the GDP, as in the Medium Term Financial Strategy. This is not disastrous, but leaves nothing over for emergencies or policy failures.

On the more pessimistic Scenario B, the growth rate averages just above ½ per cent. The Treasury's justification for contemplating this abysmal prospect is that it corresponds to the actual rate achieved between 1973 and 1981. On that basis public spending rises by 6 percentage points of GDP between 1979-1980 and 1990-91. By contrast in Scenario A it would have fallen by over 1 percentage point, thus reversing the rising public sector percentage which, for all the ideological skirmishing, was a key feature of the first Thatcher government.

On the pessimistic Scenario B, the PSBR would rise to 7 per cent of GDP "which approaches the levels which preceded the 1976 crisis." To cut back borrowing to the 2 per cent target without cuts in expenditure, "taxes will bave to be raised by the equivalent of £15bn at today's prices. The tax burden would rise from 40 to 45 per cent of GDP, having already risen by from 35 per cent to 40 per cent since 1978-79."

It is only on this—I think ebsurdly low—growth prospect that we would have the horror stories from the Treasury "ready reckoner" with which we bave been already regaled. Either the basic rate of income tax would have to rise to 45p *or* more; *or* the tax allowances would have to be virtually abolished; *or* VAT would have to rise to 25 per cent and the specific duties on drink, tobacco and oil would bave to be doubled.

The Institute of Fiscal Studies is publishing its own projections, which are likely to challenge the Government's revenne estimates even on its own economic assumptions. But I would like to challenge the pessimistic Scenario B itself, which is based on a naive extrapolation of an abysmal and surely untypical eight years. Growth was so low partly because of the adjustments first to enormous oil price increases and then to the UK's position as an oil producer.

The extraordinary low growth rate was associated with the severest recession in the post-war history of the UK and e large rise in the margin of slack or unused resources, which took unemployment from just over ½m to at least 3m.

It seems to me inconceivable that if growth were as low as Scenario B that a productivity slowdown would absorb all the slack and that unemployment would remain at 3m. The article on the facing page takes a somewhat sceptical view of the belief that robots will solve the economic problem by doing all our work and reproducing each other. But even a continuation of recent industrial trends and a much toned down view of tha possibilities of the new technologies give en ennual prodnctivity increase of 2 to 3 per cent at the very least. If Scenario B looked like being realised, we really would have mass unemployment, riots in the street and governments deservedly turned out of office long before the end of their term.

That the Treasury should even contemplate Scenario B, even as the pessimistic end of a range, does show an enormous lack of confidence in the Government's own economic policies. This does not mean that the euthors are "closet Keynesians." More likely it shows thet having lived through several revolntions in economic philosophy, some in the Treasury are extremely pessimistic about the buman condition doing anything other than deteriorating.

But to be fair, there are other Treasury advisers who have kept themselves at e notable distance from these projections.

The beart of the document is contained not in the shock-borror projections, but in Sir Geoffrey Howe's personal observations on why even the more optimistic Scenario A is unacceptable. The essence of his case is that the prospect of 2½ per cent growth is threatened if the tax burden is merely stabilised. He believes that a "better" growth performance (thet is a return to thot achieved in the 1950s and 60s) presupposes reduced personal taxation and reduced taxes on business.

Less controversially, be argues that the whole post-war history shows the folly of over-optimistic assumptions in planning public spending and the case for almost deliberate over-caution. On this last point he is surely right. It is easy enough to reduce taxes or raise public spending if more resources become available.

Many economists tend to assume that the argument between higher and lower public spending is a purely political one to be settled by voters in the ballot box. But that is surely a cop-out. The burden of public spending and taxes is not very different in tha UK from the general run of industrial countries; and it is debatable whather present tax rates in the middle and upper ranges are serious disincentives. But the enormously high "poverty trap," marginal rates paid by many low income earners, owing to the interaction of the tax and Social Security systems, are surely a disincentive.

There are however ways of reducing the tax burden which out cutting social service spending. The key is to slash spending in all the many areas of special interest group support. Discriminatory tax reliefs in favour of home purchasers and of pension funds should be phased out. So should nearly all "aid to industry" including special tax reliefs. Instead of just haggling about the EEC budget, the whole scandalous waste of farm support and inflated food prices for consumers should be not so gradually eliminated. When the present NATO commitment ends in 1985-86, we should move towards e cash ceiling for defence.

The whole package would, I would guess, save at least £10bn per annum by the 1990s, and would achieve Dr David Owen's aim—outlined et last month's SDP conference—of being tough and tender et the same time. But I do not expect any political party to edopt so genuinely radical a programme.

S. B.

A full report of the Treasury's paper appears on page 12.

In coming weeks the FT will be publishing a series of articles examining the issues raised in the public spending debate.

Letters to the Editor

Savage series of price rises by British Alcan

From the Managing Director, Besco Bodies

Sir,—I read with interest your article (September 28) on the return to profitability of British Alcan, which while no doubt very comforting to the aluminium industry and its shareholders, has other implications.

The article would give your readers the impression the turn round has been due to the merger of Alcan and British Aluminium and a vast improvement in efficiency. I would respectfully point out the biggest factor is more likely to be a savage and "cartel" type series of price increases imposed by British Alcan and others of something like 45 per cent since January. The aluminium industry has obviously not heard of the Government's aim to cure inflation!

In writing this I know I speak for the whole of the commercial vehicle bodybuilding industry as well as my own company. We bodybuilders employ many more people than the aluminium industry and we are a far more significant industry for the country in that most bodies can only be efficiently produced in this country and we may well be one of the last remaining significant manufacturing industries left. The aluminium industry ought to remember we can always buy our aluminium from abroad at more competitive terms. Price increases of 45 per cent in nine months are just not on!

Donald Wilson.
Besco Bodies,
Ross Road,
Weedon Road Industrial Estate,
Northampton.

Independent directors

From Mr H. Parker

Sir,—The article by Jonathan Charkham on "A new way to build better boards" (September 30) touches on an aspect of UK corporate governance that is not only important but long overdue for serious attention. Underlying Mr Charkham's proposals is the belief, which I bave held for many years, that the basic cause of poor performance by so many PLCs in this country has been the weakness and, in some cases, the total ineffectiveness of their boards as public company boards, with all that role implies in terms of their ultimate accountability to the shareholders who (in theory at least) select and appoint them.

There is no question in my mind that the solution to this problem rests in the hands of the shareholders themselves, and that what is needed is for them to find some way to put greater pressure on such weak boards—incinding, but not limited to, a stronger influence on the composition of these boards—to achieve far better results in the future than have been tolerated in the past.

Mr Charkham's suggested solution of "a committee for nominations charged with ensuring that the independent directors are what the company needs" seems to be a step in the right direction, although it is not clear to me how this committee itself would be appointed and composed. Would it be the same in its composition and functions as the so-called "nominating committees" that are now common to all U.S. public companies? Or doee he envisage some variant of that arrangement?

However the Charkham proposals may be intended to work in detail, I support his underlying argument in principle—namely, that further action by shareholders is needed to strengthen UK public company boards, qualitatively as well as quantitatively, by obliging such boards to appoint enough independent directors of the necessary weight and competence to ensure that the executive managers are kept on their toes. This is not always the case where the board consists wholly or predominantly of executive managers.

Hugh Parker,
McKinsey and Company.
74 St James's Street, SW1.

Railway freight costs

From the Director, Freight, British Railways Board

Sir,—I refer to Gareth Griffiths' report of the Freight Transport Association meeting (September 22) under the heading "Railway freight costs expected to increase."

I would like to point out that, contrary to what is stated in the article, there are no instances where our freight costs do not include an attribution of track costs nor is it correct to say that we do not have an effective system for etributing track costs. In this connection you may be interested to know thst currently the average cost per freight train mile is half as much again as that for passenger trains.

Henry Sanderson.
222, Marylebone Road, NW1.

Management in the civil service

From the Secretary, British Importers Confederation

Sir,—Not yet having had an opportunity to read the White Paper, I was most interested in your editorial comment on September 28.

Recent Government activity certainly gives an impression of determination to align management skills in the Civil Service with those in industry and commerce. Can we hope that such commercial thinking will lead to acceptance of responsibility for the consequences of errors and omissions by government departments? At present, for example, there is no redress for the trader who experiences hardship as a result of sub-standard performance by staff of HM Customs. In my view there could be no better way of "sharpening the incentiva to good performance" than by making the Civil Service financially responsible for its actions as are commercial undertakings.

D. H. R. Skelton.
69 Cannon Street,
EC4

Voters against Spinelli

From Mr T. Megahy, MEP

Sir,—Just to put the record straight, your correspondent F. S. Law (September 22) is quite wrong in assuming that Danish, British and Greek Socialists voted for the Spinelli report on European union. Quite the contrary, Danish and British Socialists voted against the report. Greek Socialists though equally opposed were missing when the final vote took place.

Tom Megahy.
County Hall,
Wakefield,
West Yorkshire.

Impatiens to germinate

From Mrs G. Chapman

Sir,—Arthur Hellyer says, in his gardening column of September 24, that "the seed of *impatiens*, the busy lizzie, will not germinate in the dark." I sowed some busy lizzie seeds and put them in a cupboard containing my gas boiler. I took them out a week leter; they had germinated perfectly, ond I now have very bealthy seedlings. Perhaps Dobies, from whom Arthur Hellyer got his information, will take note.

Gisela Chapman.
73 St Keverne Road,
Mottingham SE9.

And beat him when he sneezes

From Mr E. Wood

Sir,—Michael Dixon's article on entrepreneurship (September 29) struck a familiar note. The idea that success harks back to a tragic event in childbood has been around for some years. Indeed, using this idea, I developed a "check list" for entrepreneurs which has caused much amusement at various international conferences and when pnblished in 1979 as a newspaper article.

I don't claim original thinking. I first came across the concept in a book called "Management motivation in the smaller business" by Stanworth and Curran. They in turn give references going back to 20 years. There'a nothing new under the sun. The Spartans knew how to harden their offspring.

For some reason, this idea has never gained much credibility with people who could make good use of it. The banking fraternity, who are supposed to judge budding entrepreneurs before lending them money, regarded it with mild disdain when I discussed it with them. Educationalists and the Manpower Services Commission, who select potential students for start-your-own-business courses, think that it is infra dig to delve into the childhood of applicants. Personnel managers have pooh-poohed it, preferring to rely on mumbo-jumbo tests to assess recruits.

Yet the evidence is overwhelming. Several studies of the backgrounds of entrepreneurs in the U.S. and other countries have confirmed it. You have only to think of England's most famous monarchs (Henry VIII, Elizabeth I and Victoria), famous film stars (Charlie Chaplin, Marilyn Monroe), famous anthors (Somerset Maugham, Hans Anderson), or almost any walk of life, to realise that a deprived childhood is the secret of success. Of course, it applies to criminals as well as businessmen.

Thus, if we wish to succeed as a nation, we must stop mollycoddling our children. (I realised this too late for my four offspring.) Alternatively, wa must welcome more refugees, preferably orphans, and let them lead us to prosperity or damnation.

E. G. Wood.
27, Townscliffe Lane,
Marple Bridge,
Stockport,
Cheshire.

FINANCIAL TIMES

Thursday October 6 1983

U.S. arms proposals nothing but words, says Tass

By Our Foreign Staff

PRESIDENT Ronald Reagan's latest proposals for strategic nuclear arms reductions were no more than empty words, masking U.S. intentions to achieve military superiority over the Soviet Union, the official Soviet news agency Tass, said yesterday.

The negative statement by Tass coincided with the resumption of the Strategic Arms Reduction Talks (Start) in Geneva, where Mr Edward Rowny presented President Reagan's so-called "build-down" plan to his Soviet opposite number, Mr Viktor Karpov.

Under the "build-down" scheme, which Mr Rowny described as an "equitable proposal," offering something for both sides, old weapons would be withdrawn at a faster rate than new ones were introduced.

Tass said Mr Reagan had tried to suggest that the U.S. position at the Geneva talks had changed for the better.

"However, when it came to the core of the problem it became clear that it was nothing but words, words which have nothing to do with actual deeds."

Tass added that the words were also "meant to disguise Washington's intention to pursue the old course aimed at instigating an arms race to achieve a military strategic superiority over the USSR."

The Soviet criticism of the offer was the second time in a week that Moscow had turned down a U.S. arms proposal.

Last Wednesday, Soviet president Yuri Andropov, using the toughest language since he took office 10 months ago, rejected Mr Reagan's offer on medium-range weapons, saying Washington had no intention of reaching agreement on curbing missiles in Europe.

Diplomats said they were not surprised at Moscow's flat rejection

They said that with U.S.-Soviet relations probably at their lowest level since the 1962 Cuban missile crisis, this was the most likely response.

The West German Foreign Minister Herr Hans-Dietrich Genscher, in a statement issued in Bonn, called on Moscow to break the impasse

In London, a spokesman for Prime Minister Margaret Thatcher said the Reagan offer was "further evidence of the American desire to reach agreement."

Brazil to ask for easier terms on debt package

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL is seeking easier terms on the $12bn package of new and rescheduled loans it is negotiating with its creditor banks for 1984.

Sr Affonso Celso Pastore, the central bank governor, confirmed on Tuesday that at today's meeting in Washington of the International Bank Advisory Committee he would be pressing for longer than usual repayment terms and grace period.

Officials in Brasilia say privately that the goal is a nine-year term with an initial five-year grace period, compared with the normal Brazilian loan terms of eight years with 2½ years grace.

The great advantage of the doubled grace period is that it would reduce the repayment burden in the critical years after 1985, when the foreign debt amortisation profile is likely to be at its peak. This would ease the political pressures on the new government scheduled to replace the Figueiredo administration in March 1985.

The central bank governor said foreign bankers contacted by Brazil had responded favourably to the proposals – a modest step in the direction of the much fuller debt renegotiations called for by most Brazilian politicians and industrialists.

The size of the latest Brazilian financial package was, however, criticised this week by a leading local banker, Sr Ary Waddington, president of the National Association of Investment Banks, as being "insufficient."

Sr Pastore rejected a recent proposal by Sr Paulo Lira, a former central bank governor, that part of the interest payments falling due also be included in the current debt renegotiation drive.

At a press conference on Tuesday Sr Ernane Galveas, the Finance Minister, disclosed that Brazil was also pressing for lower "spreads" and fees on the new financial package.

Sr Galveas said Brazil still needed to find $3.5bn this year to meet its balance of payments deficit. He hoped the creditor banks would agree within the next few days to put up $3bn of this sum as a "bridge" against their new $6.5bn "jumbo" loan.

After today's meeting with the Advisory Committee, being held under the auspices of the International Monetary Fund, Sr Pastore is due to embark on a round-the-world mission to "sell" the massive jumbo loan to all 800 of Brazil's bank lenders. Meetings with groups of representatives of international banks are scheduled for Toronto, Honolulu, Tokyo, Bahrain, Zurich and London.

There was more bad news yesterday on Brazil's fight to bring down domestic inflation. The uncorrected inflation figure for September leaked yesterday showed that the consumer price index last month rose by 12.8 per cent, pushing the twelve-month rate up to 175 per cent.

Sr Galveas said thet the adjusted September figure, based on a new formula which does not take into account so-called "accidental" factors, such as the impact of droughts and floods on crops, would be about 11 per cent. He predicted that prices would start falling rapidly

Nevertheless, the strong upward trend in inflation – pushed by food prices which have risen by 200 per cent over the past year – means that the target recently agreed with the IMF of average monthly rises of 5 per cent in the last quarter of this year is already virtually obsolete.

UK Labour conference adopts conflicting defence resolutions

BY PETER RIDDELL, POLITICAL EDITOR, IN BRIGHTON

THE BRITISH Labour Party is now facing in several directions over defence policy after the adoption by its annual cooference in Brighton, Sussex, yesterday of resolutions calling both for unilateral nuclear disarmament and for a conditional and phased approach.

The general tone of the debate was, however, strongly anti-American and pro-unilateralist. A specifically multilateralist motion was overwhelmingly rejected and a resolution calling for the elimination of all foreign military bases in Britain was approved. Defence policy is widely considered to have been a major vote loser for Labour at the general election in June, when the Conservative Party won with a large parliamentary majority.

The defence debate had a dramatic climax when Mr James Callaghan, former Labour leader and Prime Minister, was accused by Dr Gavin Strang, Labour MP for Edingburgh East, of "sabotaging Labour's election efforts" by attacking the party's unilateralist policies during the campaign.

Mr Callaghan, clearly angry, walked from his place in the area reserved for MPs to the rostrum. This was despite his earlier intention to remain silent in order to help the new leadership of Mr Neil Kinnock.

Mr Callaghan faced heckling when he said that the party had failed to convince voters that reversing its traditional approach was right. His assertion that unilateralism had cost Labour "millions of votes" was greeted by shouts of "You did" from some constituency delegates.

Labour MPs afterwards denounced Dr Strang for what they saw as an unforgivable personal attack which highlighted divisions within the party.

The Callaghan-Strang row is, however, likely to be an isolated incident with few wider implications. The defence debate was generally not acrimonious.

This reflects the general good will and desire for party unity, as well as recognition by the unilateralists that they have won most of the argument within the party.

Nevertheless, Labour's defence policy is in considerable confusion and Mr Kinnock and Mr Roy Hattersley, the new deputy leader, both regard one of their main tasks as removing the ambiguities.

The argue that the party is agreed on the long-term aims of removing nuclear weapons and opposes both the siting of U.S. cruise missiles in Britain and the new Trident system. Consequently, the party should not divide itself over the issue of the timing and phasing of such moves.

The leadership therefore stresses the party's national executive committee's campaign document rather than yesterday's other motions. The document talked of maintaining collective security in Nato

Party conference, Page 8;
Editorial comment, Page 22

Israel's banks hold emergency meeting on economy

By David Lennon in Tel Aviv

ISRAEL'S commercial banks held an emergency meeting with the Finance Minister yesterday after public concern over the declining state of the economy led to a burst of share selling and the buying of dollars.

A series of depressing figures about the performance of the economy and the delay in establishing a new government capable of dealing with the problems have undermined public confidence.

Yesterday's announcement by Mr Yitzhak Shamir, the head of the ruling Likud bloc, that he intends to present his new coalition to the Knesset (parliament) on Monday could have a calming effect, but there remain doubts about his ability to win majority approval for his proposed coalition.

The bankers told Mr Yoram Aridor, the Finance Minister, and Treasury officials that they are deeply concerned over developments in the economy and asked thet urgent steps be taken. Among the ideas suggested were additional curbs on the purchase of foreign currency and the lifting of the tax imposed last year on stock exchange transactions.

Mr Aridor tried to calm the public on Tuesday night with a declaration that he did not intend to institute a one-off, large devaluation of the shekel. He blamed news reports for creating an unjustified atmosphere of panic over recent negative economic indicators, showing an increase in the foreign debt and a fall in foreign currency reserves.

However, the public ignored the minister's statement, and yesterday bought more dollars than ever. At least $18m was purchased from the banks by the public yesterday, following the $10m purchase the previous day.

This unseasonably high rate of foreign currency purchases is being funded by massive sales of securities on the Tel Aviv stock exchange. The general shares index dropped by more than 3 per cent a day on Monday and Tuesday.

The Stock Exchange recovered somewhat yesterday. But earlier this week, hundreds of shares fell by margins ranging from 5 per cent to over 35 per cent. The banks are believed to have spent up tp $50m a day to support their shares, which were under pressure again yesterday

THE LEX COLUMN
Oil shares on the spot

It is barely a week since the UK Government's sale of shares in BP got away to such a glowing start, but in the meantime oil shares have already become an unfashionable and rather jittery market. Yesterday, the FT Actuaries Oils index fell by 2 per cent and the £2-paid BP shares were to be seen trading as low as 192p, while falls this week of between 5 and 7 per cent showed the order of nervousness afflicting exploration and production stocks like Lasmo, Britoil and Ultramar.

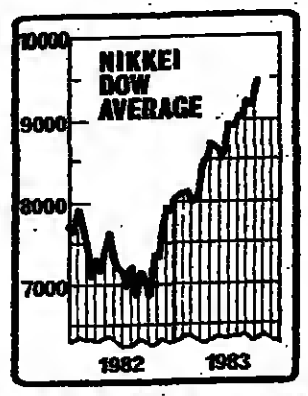
Tub-thumping from senior Opec officials trying to restrain production ahead of tha next Opec committee meeting is not the sole explanation for this change of mood. The price of Brent marker crude has dropped by $1.60 per barrel since the beginning of September, corroborating International Energy Agency estimates which show a 1½ per cent lower level of consumption in the third quarter of 1983 than last year and rising commercial and official stocks in the OECD countries.

For anyone long of oil, this is all uncomfortably reminiscent of the position last November, when demand failed to take off and fuel demand was then suppressed by mild weather through the winter.

The stock position will probably straighten itself out over the next few months, given a cold snap or two. Meanwhile, the oil traders' preference for dealing easily, available Brent, even in e volatile market, rather than the carefully controlled supplies of Saudi crude, is apt to make life hard for North Sea oil shares.

International Thomson

Existing shareholders in International Thomson ought not to feel too peeved that yesterday's private placing in the City of 7m new shares, equivalent to a 1 for 20 issue, will mean a small dilution of their holdings. They should now be able to deal in a more liquid market, extended further by the intended parallel sale of another 7m shares in Canada which should leave the Thomson family as vendor well satisfied: all 14m were priced at 650p each. The outcome will be a 73 per cent stake for the family and there were assurances yesterday that further reductions could be ruled out.



Whether or not the market takes these assurances at face value there is at least one other shadow over the share price. It has raced up to a recent high of 717p from 280p only 18 months ago and 14m shares represent an increase of more than 55 per cent in the number of floating shares. This could take some time for the market to digest and the shares still looked a little precarious closing last night at 670p.

Other aspects of the expanded float are more encouraging. Proceeds of £45m should facilitate the group's U.S. growth, which looks like contributing very significantly to 1983's pre-tax profits, estimated by stockbroker Wood Mackenzie at £134m up from £106.5m last year. If the cash is still in the balance sheet at year end, the net debt to equity ratio could fall from about 34 to about 13 per cent. Not least, yesterday's sales suggest a new level of interest among Canadian investors, though whether this will change the market's time-honoured neglect of such a hybrid group remains far from clear.

Japanese equities

Japanese securities companies close their books at the end of September and always do their discreet best to ensure that the new trading year kicks off to a good start. Even these perennial optimists, however, may have been a little surprised by the recent resilience of the Tokyo equity market in the face of numerous unhelpful factors.

The Nikkei Dow Average, which entered the first leg of the bull market last autumn at under 7,000, stood yesterday evening at a record 9,492. By the standards of international equity markets this year, that is not an outstanding gain, but then, the background has not been too encouraging, either.

Leaving aside the latest drug industry scandal and the imminent judgment on Mr Tanaka, the stock market has had to contend with a domestic economy which is only slowly putting itself back on its feet. Corporate profits are still falling in Japan. During the six months to September, the decline was probably around 10 per cent compared with the previous six months, although the bounce back over the next few months should be very marked.

Moreover, foreign investors, who had been net purchasers of Japanese equities throughout the year, suddenly turned sellers in September, taking profits on an appreciating yen as well as on their securities. Even the technical position looks discouraging, as long margin positions in Tokyo are almost a record.

Yet the market does appear to be based on some solid foundations. Japanese exporters have learnt to live comfortably with yen parities well above their current levels, so forecasts of a current-account surplus of around $24bn for the year to March look secure. Consumer demand, the laggard up to now, will start to pick up on the back of rising corporate profits and, if the yen continues strong, there should be scope to cut the discount rate before the year end.

The political capital to be gained from stimulating the economy ahead of the expected elections will not be lost on the Nakasone government.

NEGOTIATIONS TO START ON NEW LOMÉ CONVENTION

Third World wary of EEC trade pact plan

BY PAUL CHEESERIGHT IN BRUSSELS

EEC PROPOSALS for a new trade and development pact with developing African, Caribbean and Pacific (ACP) countries are likely to receive a cool reception when talks start in Luxembourg today on the terms of a new Lomé convention.

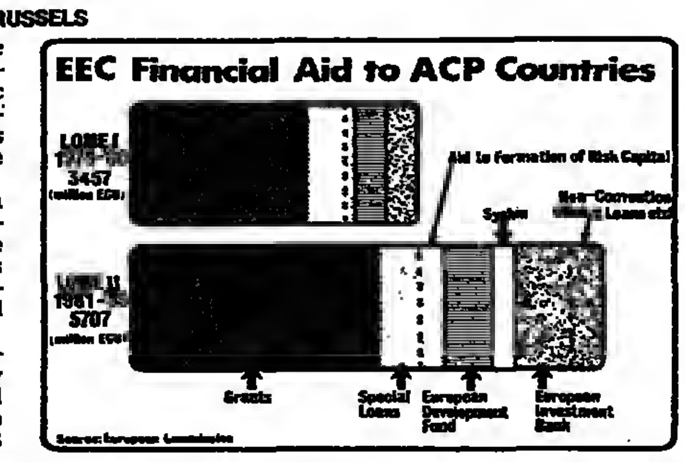
The talks signal the start of a year's negotiating for a third convention, which will come into force in January 1985. ACP ministers have this week been putting the finishing touches to demands that will be presented in Luxembourg.

Fundamental differences in approach are likely to be immediately evident. The working of the second Lomé convention, which came into force three years ago, has left the 63 ACP signatories deeply dissatisfied.

"The intention was good at the beginning, but is it working?" asked Mr Archibald Mogwe, Botswana's Foreign Minister and the ACP President. The successive Lomé conventions have been designed and presented as models of co-operation between industrialised and developing countries.

But "not one ACP country has emerged as a newly industrialising country in a decade of Lomé," complained an ACP official.

The ACP countries will therefore be suggesting schemes to improve the working of the convention, but these schemes are likely to involve a far higher level of financial commitment from the EEC.



The EEC approach, defined by the Council of Ministers in the form of a mandate for the European Commission to negotiate, stresses greater efficiency, the need for a long-term approach and a concentration on the quality of assistance rather than its quantity.

More specifically, the EEC has established a link between the granting of aid and a developing country's performance on human rights.

It wants a policy dialogue with the funds' recipients to ensure that they fit into a broader development policy. It also seeks greater spending on national strategies to boost food production.

Where a developing country receives funds from Stabex, the mechanism of compensation used to help countries in difficulties because of falling commodity prices, it wants the funds to go to the sector concerned after a mutual diagnosis of the problem.

All this adds up to a tighter approach, but an approach without figures attached. The EEC is delaying putting a figure on the funds it is prepared to commit, partly because it wants to see how the economic situation develops and partly because it wants to give no hostages to fortune early in the negotiations.

For the ACP this will doubtless prove inadequate, although there will be no objection to greater efficiency. But any EEC suggestion which hints at internal interference will be resisted.

More fundamentally, the ACP believes that a new convention cannot work well if its instruments are not properly funded and that the legalities of the agreement are unimportant without the will to make them function to their advantage.

Seeing their position eroded on the EEC market despite preferential access covering 95 per cent of exports, the ACP are likely therefore to press for import safeguards in areas like textiles to be eliminated.

They also want to secure access to the market with commodity agreements whereby the EEC would guarantee the purchase of specific amounts at an agreed price.

Ideas have also been circulating among the ACP about strengthening industrial cooperation through a development bank and a codification of economic activity so that the developing countries are left with prime positions in specific sectors.

Brazil's former bank chiefs warn on debt

Continued from Page 1

into the open an issua which has become increasingly crucial to any assessment of the viability of the new rescue package designed to avert a default on Brazil's $90bn foreign debt. This is the cost to Brazil's cash-flow of paying interest on its foreign debt at a time when capital flight appears to have eroded the cash benefit to the country of a trade surplus estimated at a record $7bn for 1983.

Sr Lira argued thet Brazil's new agreement with the IMF implies a net cash outflow from the country of some $13bn in the three years 1983 to 1985 as it struggles to meet interest payments.

Sr Lira stressed that ha was speaking in a personal capacity, but he continued that such an arrangement need not require creditor banks to write off their loans to Brazil. They could be considered "as if performing, because interest would continue to be received on an accrual basis for the next five years, on the original contractual terms."

Sr Langoni was more direct. He blamed central banks for "still adopting the orthodox procedure of non-market intervention, when in fact there is no more market to deal with."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	23	73	Dubrovnik	S	23	73	Malaga	S	26	79	Salzburg	S	25	77
Akrotiri	S	25	77	Faro	C	25	77	Malta	S	25	77	Seoul	F	19	66
Algiers	S	32	90	Florence	S	22	72	Manila	C	33	91	Singapore	S	32	90
Amsterdam	F	16	61	Frankfurt	F	20	68	Miami	C	29	84	Stockholm	C	16	61
Athens	S	24	75	Funchal	F	23	73	Milan	F	22	72	Strasbourg	S	24	75
Bahrain	S	35	95	Geneva	S	22	72	Moscow	C	9	48	Sydney	R	16	61
Bangkok	C	31	88	Gibraltar	C	24	75	Munich	S	23	73	Taipei	S	33	91
Barcelona	F	24	75	Guernsey	S	16	61	Nairobi	C	22	72	Tangier	S	29	84
Beirut	S	24	75	Helsinki	R	12	54	Naples	S	22	72	Tehran	—	—	—
Belgrade	S	28	82	H Kong	S	31	88	New Delhi	S	34	93	Tel Aviv	S	26	79
Berlin	S	21	70	Innsbruck	S	22	72	New York	S	29	84	Tenerife	S	27	81
Biarritz	S	27	81	Inverness	R	14	57	Nice	S	23	73	Tokyo	C	28	82
Blackpool	C	14	57	Istanbul	F	19	66	Oporto	F	22	72	Toronto	C	22	72
Bordeaux	S	26	79	Jersey	F	16	61	Oslo	C	14	58	Tunis	—	—	—
Brussels	S	18	64	Jo'burg	S	24	75	Paris	F	20	68	Valencia	F	25	77
Budapest	S	18	64	Las Palmas	F	25	77	Prague	S	24	75	Venice	C	18	64
B. Aires	S	28	82	Lima	F	20	68	Reykjavik	F	7	45	Vienna	S	25	77
Cairo	S	27	81	Lisbon	C	22	72	Rio de J'o	C	22	72	Warsaw	S	24	75
Cape Town	S	19	66	Locarno	S	20	68	Rome	S	23	73	Zurich	S	22	72
Caracas	C	27	81	London	C	17	63								
Casablanca	S	26	79	Los Angeles	S	30	86								
Copenhagen	F	18	64	Luxembourg	C	16	61								
Corfu	S	27	81	Madrid	S	23	73								
Dublin	F	17	63	Majorca	F	29	84								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Philippine peso falls 21% against $

Continued from Page 1

vious devaluation of 7.3 per cent on June 23. Before that, the central bank had allowed the peso to float, setting a guiding rate each day.

Yesterday the central bank temporarily lifted the 4.5 per cent band within which the the peso could move. That allowed it to fall 21.4 per cent in currency trading.

Mr Gabriel Singson, deputy governor of the central bank, said the substantial adjustment in the peso's exchange rate was necessary because of the balance-of-payments deficit, which is largely caused by the country's heavy debt service burden.

According to Mr Singson, the payments deficit for the first nine months of 1983 reached $1.36bn, against $1.1bn for the whole of last year.

The Philippines is Asia's second largest borrower after South Korea. Of the $18bn it owes foreign banks, 25 per cent is in short-term borrowings which mature in less than a year.

Bankers have been concerned that the present political instability might make creditors more reluctant to continue supporting the Philippines at the present rate.

Correcting the payments deficit is the crux of the Government's two-pronged approach in its present negotiations with the IMF.

The Philippines wants to draw down the last two tranches of the $345m standby facility for 1983. The IMF has said that can only be done if the payments deficit is curtailed to $1.1bn.

The country also wants to negotiate next year's standby credit, which could be less than this year's amount.

According to the central bank, the record payments deficit can be attributed mainly to the slowdown in the availability of medium and long-term loans and not to payment of short-term capital.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday October 6 1983

Intl. Thomson in £45m UK share placing

BY CHARLES BATCHELOR IN LONDON

INTERNATIONAL Thomson Organisation, the Toronto-based publishing, travel and oil group, placed 7m new shares in London yesterday in a £45m ($66.9m) fund-raising operation aimed at broadening ownership of the family-controlled company.

In a parallel move, the Thomson family was last night engaged in the sale of up to 7m more existing International Thomson shares for a further £45m on the Toronto Stock Exchange.

These two operations will increase the number of shares held by the public by up to 55 per cent – from 25.45m shares to a maximum of 39.45m. The Thomson family holding in the group will fall from 82 per cent to a minimum of 73 per cent.

Mr Mark Knight, company secretary of International Thomson, said: "It is a very novel exercise in the way the issue of new and existing shares has been linked and in that it is a dual market operation.

"We were acting primarily in response to complaints that the public stake in the stock was just too small. Institutions which wanted to come in just could not find the chunks of stock they were used to dealing in."

The new share issue will also strengthen the company's equity base and significantly increase its borrowing capacity, allowing it to expand existing businesses and acquire new ones.

Stockbrokers Cazenove and Wood, Mackenzie jointly arranged the placing of the shares in London at 650p each – a discount of 43p on Tuesday's closing price. S. G. Warburg, the merchant bank, underwrote the shares.

In Canada, stockbrokers Wood Gundy have arranged for the sale of 3.5m shares in International Thomson held by the Woodbridge Company – which is owned by the Thomson family – for at least the London placing price. Up to 3.5m more shares will be sold if demand is sufficient.

International Thomson has its headquarters in Toronto following the decision to move from London five years ago. Most of its share dealings are still in the UK.

The group owns a chain of provincial newspapers in the UK but sold its national newspapers, The Times and the Sunday Times, to Mr Rupert Murdoch two years ago. It has recently taken over several U.S. publications including in March 1983, American Banker.

International Thomson's shares closed 23p down at 670p in London yesterday.

Aga buys Norgas division for NKr 350m

By Kevin Done in Stockholm

AGA of Sweden, the world's fifth largest industrial gas company, is to buy the gas division of Norgas, the dominant industrial gas supplier in Norway in a deal worth about NKr 350m ($48m).

The acquisition will significantly strengthen Aga's position in the Nordic market, where it is already the leading supplier of industrial gases – chiefly oxygen, acetylene and nitrogen – in Sweden and Finland.

Aga is one of the most international of the world's leading gas companies and derives about 71 per cent of its annual sales of SKr 5bn from outside Sweden. It already has some 65 per cent of its assets abroad, with production and distribution facilities in 21 countries in Western Europe and North and South America.

The purchase of the Norgas operations is Aga's biggest acquisition since it entered the U.S. market with the purchase of Burdox in 1976.

Norgas's gas division has an annual turnover of about NKr 230m and a workforce of some 300.

Norway had previously been a significant gap in Aga's coverage of the Nordic market, but the purchase of the Norgas operations will give it a market share of nearly 90 per cent. Norgas has a production capacity of some 40,000 tonnes of atmospheric gases a year.

Mr Kaare Moe, Norgas managing director, said the company had decided to withdraw from the gas market because it could not compete with the multinational gas groups' resources in research, and in the development of new applications for industrial gases.

Norgas, Norway's 12th largest quoted company, has an annual turnover of NKr 1.78bn with about 13.5 per cent coming from its gas operations. The group wished to concentrate on its other main activities, chiefly ship servicing, welding products and pharmaceuticals, said Mr Moe, and its new financial resources were likely to be used in particular to expand its drugs research and development.

Norgas is also looking to diversify through acquisition into new areas, chiefly in Norwegian export sectors. Some 60 per cent of its current turnover is derived from foreign markets.

BANK OF MONTREAL PLANS $550M TAKEOVER

Now Harris can find some muscle

BY PAUL TAYLOR IN NEW YORK

A FURTHER dramatic shift in the rapidly-changing Chicago banking market – already one of the most internationally-orientated in the U.S. – is marked by Bank of Montreal's planned takeover of Harris Bankcorp for about $550m. It is the latest in a string of spectacular acquisitions of U.S. banking groups by major foreign international banks.

Some 50 foreign banks are already represented in the Chicago market, and the number is increasing. Their entrance into the market has taken a variety of forms. Some, like several of the leading French, West German and UK-based banks, have set up banking operations from scratch; others, like Algemene Bank Nederland, have taken the acquisition route.

Algemene acquired Lasall Bank, the sixth largest bank in Chicago, in 1979. More recently, Fuji Bank, the second largest banking group in Japan, outmanoeuvred Security Pacific with a $425m agreed bid for the commercial finance subsidiaries of Walter E. Heller International.

The two key factors attracting foreign banks into the Chicago and, indeed, the U.S. banking market, are the size, resilience and stability of the market and the dramatic changes taking place in U.S. banking regulation, which are opening up new opportunities.

Recent changes in Illinois state banking legislation have permitted Chicago banks to start building up a state-wide branch network. Harris Bankcorp itself has acquired one suburban banking group and earlier this month announced plans to buy a further four local banks.

This change in banking regulation has opened up new possibilities for the Chicago banks and led to a wave of mergers, including First Chicago's planned acquisition of American National Bank for $275m – again from the Heller group.

It has also led the Chicago banks, particularly the second-tier banks like Harris, to look for new sources of equity and capital in order to compete in the national market.

Although Harris is an extremely profitable bank with a reputation for being well managed, and has successfully carved out special niches, particularly as a foreign exchange trader, it has – like other Chicago banks – been under pressure in the highly competitive wholesale middle market banking business.

Mr Henry Keefe, of Keefe, Bruyette and Woods, the Wall Street investment firm specialising in the banking industry, points out that although Harris's assets have grown from $6bn to $7.6bn in the last five years and its shareholders' equity has grown from $314m to $382m over the same period, other banks, free from state banking restrictions – particularly those in Texas and Florida – have grown much more rapidly.

"Harris needed a bigger capital base to play the game," said Mr Keefe. The acquisition by Bank of Montreal should provide that muscle.

A similar rationale lies behind many of the other big acqusitions by foreign banks in the U.S. over the past few years. But there is another reason why foreign banks have been attracted in increasing numbers into the U.S. market.

Major foreign banks have been attracted by the economy, population and stability of the U.S. market, Mr Keefe says.

Foreign banks have seen, and seized upon, the opportunity to generate new deposits and make loans in the U.S. market. Foreign bank acquisitions have also tended to be concentrated in key sectors of the U.S. economy and particularly in the California and New York markets and have involved acquisitions by Hong Kong, Japanese and European banking groups.

Among the biggest acquisitions in recent years, the four leading UK clearing banks have all staked out prominent positions in the U.S. market.

These acquisitions include Hongkong and Shanghai's purchase of a controlling interest in Marine Midland Banks; the acquisition by Midland Bank of the UK of a majority stake in Crocker Bank; and, most recently, the controversial $282m bid Mitsubishi Bank made for another Californian banking group, Bancal Tristate.

While foreign banks have been particularly aggressive bidders in the U.S. market, they have not always been successful. The Fuji bid for the Walter E. Heller units almost failed at the last minute, and Midland backed out of a deal to acquire American National before settling on Crocker.

They have also often had to pay hefty premiums to buy their way into the U.S. market – and sometimes have subsequently discovered problems with the banks they have acquired.

THE U.S. BECOMES A MORE VITAL LINK IN AN INTERNATIONAL NETWORK

Canadian bank leaps up the world's banking ladder

BY ROBERT GIBBENS IN MONTREAL

THE BANK of Montreal's $550m takeover of Harris Bankcorp of Chicago gives it a strategic entry into the key mid-west market. It is a major step in the bank's ambition to become one of the world's top multinational banks, with its base remaining in Canada.

Bank of Montreal, with C$64bn ($52bn) assets, operates across Canada and in 20 other countries. It owns a bank in California and had offices in major U.S. cities and total U.S. assets equal to about C$7bn.

The bank has been looking closely for a major acquisition in the U.S. for a decade and it had considered scores of offers. A plan to buy a group of Bankers' Trust offices in New York several years ago fell through.

One problem for the Bank of Montreal and the other four large Canadian chartered banks was the difficulty of expanding further in the domestic market with a regulatory climate opposing further concentration. For many years international business represented their main opportunity for growth.

However, Canada does 70 per cent of its trade with the U.S. and in the past two years of recession the Canadian banks have been trying harder to build up their traditional and wholesale business in the U.S. Most of them operate through branches and agencies there. U.S. banking regulations and restrictions on inter-state banking, however, made acquisitions very difficult.

Coming deregulation in U.S. banking has changed the picture and many medium-sized U.S. banks have realised that they will have to become larger and offer a full range of services, particularly to corporations, if they are to survive.

The Canadian banks know this and Mr William Mulholland, chairman of the Bank of Montreal, says he approached Harris and found that the idea of a merger would receive a sympathetic response in the context of future deregulations.

Bank of Montreal will become Canada's second-largest chartered bank after the Royal Bank of Canada with combined assets of nearly C$75bn. It will displace Canadian Imperial Bank of Commerce in the number-two position.

Harris will become the Canadian bank's main corporate lending arm in the U.S. market and in effect its main operating base there. Bank of Montreal's international customers will have access to broad investment services provided by Harris through its trust operations.

Harris in turn will tie in with the Bank of Montreal's multinational on-line banking operation and into its full international network.

Mr W. D. Mulholland

Founder quits all posts at Fortune Systems

BY LOUISE KEHOE IN SAN FRANCISCO

FORTUNE SYSTEMS, a California-based personal computer manufacturer, yesterday announced the resignation of its founder, Mr Gary B. Friedman, as chairman, president, chief executive officer and board member.

Mr Friedman, who was scheduled to have presented a new range of Fortune computer products at a press conference in New York on Wednesday morning, is understood to have tendered his resignation late on Tuesday night. A director of Fortune Systems insisted, however, that Mr Friedman's sudden departure from the company came as no surprise and had been discussed by the company's board for some time.

Fortune, which went public in March at an initial offering price of $22, was trading yesterday at about $7.50; up slightly from Tuesday. Trading was temporarily halted yesterday morning following Mr Friedman's announcement.

Fortune makes a range of multi-user microcomputers. The company, founded in 1981, is yet to turn a profit. In August, Mr Friedman blamed continuing losses on delays in development of software for Fortune's personal computers.

PKBanken well ahead at eight months

By David Brown in Stockholm

PKBANKEN, the Swedish state-owned commercial bank, has reported significantly higher profits for the first eight months to August. Group pre-tax operating profit rose 48 per cent to SKr 867m ($113.4m).

The bank is predicting a full-year pre-tax result of SKr 1.2bn to SKr 1.3bn, which corresponds to a pre-tax return on equity (including non-taxed reserves) of 21 per cent despite higher money market rates and a tighter official credit policy. This will enable the bank to build up its equity capital in line with the increase in its balance sheet, the interim report says.

Net interest, fee and commission income rose 28 per cent to SKr 2.1bn, while costs grew 16 per cent to SKr 1.2bn. Deposits and lending were both up, and the bank's placement margin climbed from 2.34 per cent to 2.62 per cent.

Credit loss provisions increased by 41 per cent to SKr 132m, in line with the bank's expection. Currency losses declined.

Coleco chiefs face suit

HARTFORD, CONNECTICUT – A Pennsylvania shareholder of Coleco Industries, has filed suit against the company and three of its senior officers charging them with "misleading" the public about Coleco's Adam home computer.

The suit, filed in Federal District Court here as a class action suit, was initiated by shareholder Mr Dean Rudofker of Marion, Pennsylvania. It seeks unspecified damages for people who purchased Coleco stocks between May 27 when the Adam system was announced, and September 29.

Officials at Coleco are said to have labelled the allegations as "nonsense". The suit alleges that Mr Arnold Greenberg, president and chief executive, and several other officers violated SEC rules by concealing adverse information from the public at a time when they sold at least 183,000 Coleco shares at prices as high as $60.13 cents a share.

In composite trading on the New York Stock Exchange yesterday, Coleco closed at $31.5; down $1.25 a share. As of March 11, Greenberg owned 2.9m Coleco shares or 18.9 per cent of the company's 15.3m shares outstanding.

The suit states that Coleco has had problems perfecting the Adam computer and the company did not have the financial capability to meet shipping deadlines. Named as defendents in the suit in addition to Coleco are Mr Greenberg, Mr Handel and Mr Leonard E Greenberg, Mr Arnold Greenberg's brother.

Agencies

Elkem back into profit

By Fay Gjester in Oslo

ELKEM, the Norwegian metals, mining and manufacturing concern, moved back into the black during the four months to end-August and now foresees a profit of NKr 80m – NKRr 100m ($10.9m to $13.6m) for 1983 as a whole. In 1982 it made a loss of NKr 300m, and in 1981 one of NKr 153m.

The group attributes the improvement to better prices for aluminium and ferro alloys, two of its main products, combined with rationalisation and restructuring measures that have increased profitability generally. Aluminium prices in the four months to end August were 30 per cent higher than in the previous four months.

Spanish casualties join in bank marriage

BY TOM BURNS IN MADRID

BANCO URQUIJO-UNION was launched at the weekend, on a note mutedly befitting a marriage of circumstance. The total absence of fanfare was appropriate because the new bank, the eighth largest in Spain in deposit terms, results from the merger of two of the bigger casualties of Spain's lingering banking crisis.

Bank-Union was acquired by Banco Hispano Americano in 1982 from the so-called bank hospital, the deposit guarantee fund, after Pta 40bn ($264m) of the fund's finances had been allocated to make it viable. Hispano's takeover of Banco Urquijo in February this year was a greater trauma. Banco Urquijo was the premier name in Spanish industrial banking and had, since 1978, been drastically scaling down its portfolio in a desperate attempt to keep afloat. Following the takeover the streamlining continued and close on Pta 24bn of Urquijo's reserves were put aside by the new board to cover losses and to provide for doubtful debts.

The new bank is devoid of the glamour associated with Urquijo. A humiliating aspect of the merger is that technically it is the smaller Bank-union which has taken over Urquijo, a decision adopted by Hispano's board for tax reasons. There is some doubt as to the future of Urquijo's priceless art and furniture collection, but its sumptuous headquarters – a Madrid historic landmark known as the "House of the seven chimneys" – has been sold off fittingly to the Ministry of Culture, raising Pta 3bn.

Gone also is all pretence, once strongly nurtured by Banco Urquijo, of being a top-drawer merchant bank. The strategy for the new Urquijo-Union bank, as mapped out by Hispano Americano, is to go for the upper income group providing a sophisticated retail banking service. Hispano Americano executives stress that Urquijo's 50 branches and the 125 Bank-Union network are complementary and provide a first-class exposure in the solid commercial and residential areas of Spain's main cities. The combined staffs of the two banks total 3,500 of which 1,500 are graduates – a specific legacy of Urquijo's recruitment policy and a telling selling point since the norm of Spanish banks is to have only a 20 per cent graduate presence on their staffs.

Urquijo-Union's bid to provide a personalised service for the upper reaches of retail banking neatly dovetails with Hispano Americano's belief that it should provide a distinctive institution to complement the blanket national coverage of its own branch network. Hispano Americano is the third largest bank in the country and Spain has more bank branches per inhabitant than any other European nation, Belgium excepted. Shareholders were warned at the merger meeting of the challenges that lie ahead for Spanish retail banks when Spain joins the European Community and foreign institutions are able to compete on equal terms.

To prepare Banco Urquijo, for its new role, the Hispano Americano team, made further inroads into the bank's portfolio, seeking principally to retain solely those companies that could in turn be married to Bank-Union's interests. While the parent bank's senior executives readily concede the expertise acquired by Banco Urquijo in international banking, Urquijo-Union will have a markedly reduced foreign presence to conform with the new bank's strategy. Over the past months divestiture in Banco Urquijo's foreign interests has raised $400m.

The streamlining has been a continuation of what Banco Urquijo tried to do on its own to remain independent. Under its chairman Sr Jaime Carvajal, who assumed control of the bank in 1978 aged 38, the bank sold its interests to more than 40 companies over a three-year period. At the same time Banco Urquijo doubled its branch network in an attempt to break into sophisticated commercial banking – precisely the same sector now assigned to it by Hispano Americano. Following the takeover Sr Carvajal was appointed chairman of Banco Hispano Industrial, the specifically merchant banking division of the Hispano group.

In its last-ditch effort to survive industrial recession Banco Urquijo had sold off its stakes in Tractor Fiat, in Bayer España, in Armaco Spain and in Schering Spain among others. In most cases the divestment involved the sale of the equity to the foreign partners to whom Banco Urquijo had acted as local guarantor. The bank even managed to hive off its costly involvement in the department store chain, Galerias Preciados, selling it to currently expropriated Rumasa group in what was to be the ill-fated financier Sr Jose Maria Ruiz-Mateos' last major buying spree.

When Explosivos Rio Tinto (ERT) and Aluminio Español crashed last year Banco Urquijo found itself heavily exposed in both. The concurrent collapse coincided with investigations by the Bank of Spain into Banco Urquijo's all-round state of health. By January this year the Central Bank was pressing Hispano Americano, by virtue of its cross-share relationship with Urquijo, to propose a takeover. This week's merger was the consequence: a whimper rather than a bang and a low-keyed "Urquijo is dead, long live Urquijo-Union."

Companies and Markets **INTL. COMPANIES**

Westpac calls for partial deregulation of banking

BY MICHAEL THOMPSON NOEL IN SYDNEY

AUSTRALIA'S Labor Government was invited yesterday to adopt a "visionary approach" towards the progressive dismantling of banking and financial controls. The invitation came from Westpac, Australia's biggest bank, which said the country's banking system had reached the cross-roads.

Westpac's chief general manager, Mr Bob White, was unveiling the banks' submission to a task force headed by Mr Vic Martin established last May to re-examine the country's financial system.

Mr Paul Keating, the Federal Treasurer, has said the new inquiry will consider whether the recommendations of the Campbell Committee of Inquiry into Australia's financial system, which reported two years ago, could be used to accommodate Labor's social and economic goals.

One of Labor's key aims is to help facilitate the flow of low-cost funds to home buyers, farmers and small businesses.

The Campbell Committee, chaired by the late Sir Keith Campbell, recommended sweeping deregulation of the Australian financial system plus the entry of foreign banks.

Mr White said yesterday that Australia's "most hardened regulator had been the last Liberal Prime Minister, Mr Malcolm Fraser, and that prospects for deregulation of interest rates, at least, seemed more promising under the new Labor regime, of Mr Bob Hawke.

In its submission to the Martin Committee, Westpac says it recognises the impracticability of removing existing banking controls overnight, and therefore suggests a plan for partial de-regulation.

On interest rates, it says the ceiling at which controls are applied to overdrafts, fully drawn advances, term loans and home loans should be reduced from A$100,000 (US$89,000) to A$50,000.

Westpac says savings banks should be permitted to compete for fixed deposits of less than A$50,000 with a term of less than 30 days and more than four years, and that the Banking (Savings banks) Regulations should be repealed.

According to Mr White: "Westpac is not opposed to the phased entry of new banks, whether domestic or foreign, so long as they all compete on equal terms."

However, it can be strongly argued that the Government's objectives will be better served by liberalising the conditions under which existing Australian banks operate.

Westpac said that development of an offshore banking market in Australia might provide a useful first step for foreign banks seeking to acquire full banking status in Australia.

But it stressed that if foreign banks were allowed in, it would expect adequate reciprocal arrangements for Australian banks overseas, particularly in Japan.

In other areas, Westpac suggests that the banks' present 15 per cent minimum reserve asset ratio be replaced by a 10 per cent liquidity ratio, which could be "breached in the event of need." It recommends that the Commonwealth Banking Corporation and the State banks be placed on a competitively neutral footing, i.e. with the private banks.

BASE LENDING RATES

A B N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9½%
Amro Bank	9 %	■ Hill Samuel	§ 9 %
Henry Ansbacher	9 %	C. Hoare & Co.	† 9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9½%	Edward Manson & Co.	10½%
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	Ω 9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9½%	P. S. Refson & Co.	9½%
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	10 %
■ Brown Shipley	9½%	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	Standard Chartered	‖ 9 %
Canada Perm't Trust	10 %	Trade Dev. Bank	9 %
Castle Court Trust Ltd.	9½%	TCB	9 %
Cayzer Ltd.	9 %	Trustee Savings Bank	9 %
Cedar Holdings	10 %	United Bank of Kuwait	9 %
■ Charterhouse Japhet	9 %	United Mizrahi Bank	9 %
Choulartons	10½%	Volkskas Intnl. Ltd.	9 %
Citibank Savings	¶ 10½%	Westpac Banking Corp.	9 %
Clydesdale Bank	9 %	Whiteaway Laidlaw	9½%
C. E. Coates	9½%	Williams & Glyn's	9 %
Comm. Bk. of N. East	9 %	Wintrust Secs. Ltd.	9 %
Consolidated Credits	9½%	Yorkshire Bank	9 %
Co-operative Bank	* 9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	10 %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—8.05%. Effective annual rate—8.43%.

Australia plans tougher company disclosure rules

BY OUR SYDNEY CORRESPONDENT

PLANS for a wide-ranging overhaul of Australian company law were presented in Canberra yesterday by the Attorney General, Senator Gareth Evans.

The present system, administered by National Companies and Securities Commission (NCSC), is based on co-operative regulation by the Federal and State governments.

However, the Federal Labour Government is seeking to introduce a national system of company legislation administered by Canberra. In this it will be opposed by the Liberal Party, and probably by the states.

Under Labour's plans companies will be given greater powers to trace nominee shareholdings, and share-holders will be entitled to demand fuller disclosure of company information.

Senator Evans said a rigorous overhaul of company legislation was needed, and that "in the longer term we would prefer to move to a national system of companies and securities regulation administered by the national Parliament.

"It is the view of the Government that reform of companies and securities law is a high priority. The need for reform of the law is recognised by all governments in Australia, by the commercial community, and the investing public."

The proposals are contained in the Companies and Securities Legislation (Miscellaneous amendments) Bill which will now be subject to public scrutiny and criticism.

The Bill proposes that the NCSC or shareholders owning at least 5 per cent of a company's issued capital, be empowered to press for the disclosure of nominee shareholders. Also, annual reports will have to be more informative, and will be required to detail proposed company developments.

Castlemaine Tooheys profit edges ahead

By Our Sydney Correspondent

CASTLEMAINE TOOHEYS, Australia's second biggest brewer and 31st largest company, saw a marginal improvement in the year to July 31 with net profit up 1.2 per cent at A$56m (U.S.$50.4m).

In the year to June, national beer sales fell 2.7 per cent by volume, though Australia's recent America's Cup success precipitated a week of riotous celebrations.

Tooheys' final dividend is held at 14 cents a share, for an unchanged total of 27 cents, on earnings per share of 54.3 cents, against 53.6 cents previously.

Tooheys' capital expenditure in 1982-83 was A$47m. A similar amount is budgeted for the current year, producing a three-year outlay in excess of A$140m.

Kirsh Industries plans to reshape trading interests

BY OUR JOHANNESBURG CORRESPONDENT

KIRSH INDUSTRIES, the unquoted South African retail, wholesale and insurance holding group, is proposing to merge all its quoted trading companies into a single trading firm with a total annual turnover of about R3bn and shareholders' funds of R250m. The corporate vehicle for the merger is Checkers Stores, which manages the troubled Checkers supermarket chain.

It is proposed that Checkers Stores should change its name to Kirsh Trading and that it acquire the entire share capital of the Metcash cash and carry wholesale firm and Russell Holdings, the furniture retailing chain.

Checkers Stores is controlled through another Kirsh company, Coki, which has 24.1 per cent of the equity. Coki is 17.1 per cent owned by Metro Corporation (Metcorp), which in turn is 50 per cent owned by Kimet, the top quoted company in the Kirsh group. In addition to its interests in Coki, Metcorp owns 95.6 per cent of Metcash while Coki owns 48.8 per cent of Russell.

The terms of the proposed restructuring are that Russell shareholders will receive 100 voting ordinary shares in Kirsh Trading for every 100 Russell shares they own. Ordinary shareholders in Metcash are offered 65 voting ordinary shares in Kirsh Trading for every 100 Metcash shares they own.

As well as the proposed acquisition of Russell and Metcash, Kirsh Trading is to acquire Coki's 37 per cent interest in wine producer Union Wine in exchange for the issue of 2.68m new Kirsh Trading ordinary shares, and Coki's 30.7 per cent interests in the unquoted Dion discount chain for 3.94m new Kirsh Trading ordinary shares.

Coki will distribute the 17.5m Kirsh Trading shares it is to receive for its various interests to its own shareholders pro rata to their shareholding. This will leave Coki with no significant assets.

The subsidiary arrangement is for Kirsh Trading to issue 925,000 of its own shares in Kimet for the 50 per cent of the Dee Bee Supermarket shares which Kimet owns.

On completion of the restructuring, and assuming that all outside shareholders accept various share exchanges, Kimet will own 50 per cent of Metcorp which would in turn own 56 per cent of Kirsh Trading. The latter company will own all of the Checkers supermarket operations, the entire share capital of Metcash and Russell, 50 per cent of Dee Bee, 37 per cent of Union Wine and 30.7 per cent of Dion.

Growth at Malayan Banking slows

By Wong Sulong in Kuala Lumpur

MALAYAN BANKING, Malaysia's second largest bank, increased net profits after tax by 13 per cent to 84m ringgit (US$36m) in the year ended June. The rate of growth, however, was the lowest in the past six years, largely due to the slowdown in the Malaysia economy.

Total deposits rose only 2 per cent to 7.57bn ringgit, while total loans and advances expanded by 30 per cent to 5.58bn ringgit.

A final dividend of 14 cents is declared, making an unchanged 22 cents a share.

● Meanwhile, Killinghall Tin Berhad, which is controlled by the Raja Muda (Crown Prince) of Selangor State, has announced it now controls 59 per cent of unlisted Southern Banking, after its offer for the bank's shares at 6 ringgit each.

This acquisition costs Killinghall 90m ringgit, and the company is proposing a one-for-one rights issue of 28m 50cent shares at 1.3 ringgit per share.

هكذا من الأصل

Distribution. Depth. And who owns America.

The Art of Investment Banking. First in a Series. This interpretation by:

Art Kane
New York July 1983

Surprise, the majority of shares in America are still owned by individuals. These private investors hold over 55% of all listed shares. This fact has great significance for European companies who wish to issue equity. A second important fact is that Lehman Brothers has one of the most powerful sales forces in all of equity retailing. Combine this retail strength with our traditional institutional sales capability, and you see why Lehman Brothers is a securities industry leader in equity distribution.

American Motors Corporation
Selling 55% of a 10 million share offer—at retail

American Motors had substantial product development costs to finance. Lehman Brothers helped to analyze the market situation with AMC, and a new common stock issue was decided upon. We co-managed the offering and helped generate enough buyer demand to double the initial filing to 10.000.000 shares. We then sold 5.500.000 shares ourselves: 276% of our underwriting commitment. And virtually all at retail. *AMC chairman Paul Tippett commented that "When it comes to equity distribution, Lehman Brothers does an outstanding job."*

Chrysler Corporation
Retailing twice what any other firm could sell—wholesale or retail

Chrysler decided to take advantage of its business turn-around to restructure its balance sheet.

Based on our knowledge of today's equity market and our equity underwriting strength, Lehman Brothers recommended an offering of new common stock and was named co-manager. Using our own distribution system exclusively, we sold 3.500.000 shares of the third largest offering in history.

Before institutional designation, this performance was twice that of any other co-manager. Wholesale or retail—"wire houses" included. *Chrysler chairman Lee A. Iacocca said, "Nobody sells better than Lehman. And you can quote me."*

Uniroyal, Inc.
Selling 232% of our commitment

Uniroyal's new management had returned it to profitability. Lehman Brothers saw this as an opportunity to strengthen Uniroyal's balance sheet and improve its acquisition capability with a new common stock offering. Uniroyal agreed and filed a 3.000.000 share offering with Lehman Brothers as sole manager. Following a comprehensive marketing effort, Uniroyal was able to increase the offering to 5.000.000 shares. We sold over 3,000.000 of them—232% of our underwriting commitment. *Joseph P. Flannery, Uniroyal's chairman, summed up the transaction this way: "We just couldn't have asked for a better performance."*

United States Steel
Knowing the individual investor

The Company wanted to take a new issue of convertible exchangeable preferred stock to the market. Lehman Brothers advised that it be priced and targeted at the individual investor and was named a co-manager.

The result: $250 million of new capital was raised for the Company. Lehman Brothers alone sold $60.000,000, all at retail. *U.S. Steel chairman David M. Roderick said "Lehman Brothers told us that they knew the retail market. This performance proved it."*

The Unique Combination
Retail and Institutional

What are the reasons behind this Lehman Brothers equity distribution superiority? First, the strength of our retail sales force. Their individual production is several times the average. Our typical investor portfolio is 20 times the industry norm. According to the New York Stock Exchange, these large investors—people with portfolios larger than $50.000—are about 10% of the investor population. But their portfolios account for well over 50% of all individual stock ownership.

Lehman Brothers complements this retail strength with institutional sales ability which consistently ranks in the top tier of all securities firms.

This unique combination—retail and institutional—allows Lehman Brothers to tailor every issue's distribution. The corporate client benefits: A broad ownership base. Stability. And strong aftermarket support with international trading specialists in New York and London.

Who owns America? Lehman Brothers knows it's the individual investor.

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International

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Lehman Brothers

INTL. COMPANIES & FINANCE

William Chislett examines a Mexican blend of banking and politics

Banca Serfin builds on new base

WHEN MEXICO nationalised its 53 private banks a year ago many Mexican and foreign bankers feared that the country's banking system would be hit by the inefficiency and corruption of most of the country's public sector.

The outgoing president, Sr Jose Lopez Portillo, laid blame upon the banks for the country's $83bn foreign debt crisis, by accusing them of being "treacherous moneybags." Hundreds of thousands filled the Zocalo, Mexico city's main square, to applaud the nationalisation. These were heady days, and anything could have happened.

As it turns out there have been no dramatic changes. "It is business as usual except that now we are more socially orientated," says Dr Jose Juan de Olloqui, the chairman of Banca Serfin, the third largest and the oldest bank, and one of the civil servants running the Mexican financial system.

Olloqui, aged 51, spent 20 years in the Bank of Mexico and the Finance Ministry. He headed the Ministry's banking currency and investment department from 1958 to 1966, and was deputy director of public credit before becoming Mexico's Ambassador to the U.S. in 1970 for six years. He was afterwards deputy Foreign Minister and Amabassador to the UK.

Olloqui says that when he moved into the chair at Banca Serfin, which had total assets of 334.3bn pesos at the end of 1982 ($3.5bn at the then exchange rate), he found a "fairly well managed bank. That's why I have not changed the people. I only brought with me my secretary and an assistant who have been with me from my days in Washington."

He streamlined the bank's structure, in order to cut out some duplication of jobs and make the bank more centralised.

The bank's board of directors was abolished the day Banca Serfin stopped being privately run. Operations have since been run by a five-man co-ordinating committee. "I have only consulted the Finance Ministry (which now has a deputy Minister in charge of the banking system) when there has been something sensitive which would normally have been discussed at board level. You are not going to risk your political skin. The Government has been very respectful of the banks, and the banks are zealous of keeping their autonomy."

He is currently drawing up a new 15-man board which will have two Government representatives for each private sector man or woman.

President Miguel de la Madrid, who worked in the Finance Ministry during some of the same years as Olloqui, is to return 34 per cent of the banks' shares to the private sector, with no individual or corporation holding more than 1 per cent of a bank's stock.

"We are trying to fulfil the idea of a bank which has to be efficient, because reasonable profits is the measure of our performance, but which will be supporting the Government more," Olloqui says.

This means, he adds, channelling more credit to medium-sized industries and to the depressed agricultural sector. It also means rescheduling the loans of privete companies, which have been squeezed by the devaluation of the peso and recession, on "favourable" terms — "but without the bank going into the red. We have to keep the country's productive capacity going."

Olloqui expects the bank to make a net profit of 2bn pesos ($130m) this year compared with 3bn pesos in 1982. Last year's profit was "exceptionally" high because provisions on lending risks had been 2bn pesos less than originally foreseen. Overall provisions this year would be about 700m pesos. Assets at end-June were 438bn pesos.

Banca Serfin was closely involved with Valores Industriales (Visa), Mexico's second largest group, and other big concerns which have fallen on hard times. Visa, with a brewery (its oldest part), food products and packaging interests, had 77 per cent of the shares in Banca Serfin, for which it has been compensated. "The power has shifted from the brewery to the finance ministry."

Total compensation of 10.7bn pesos was agreed in August for Banca Serfin's shareholders, to be paid in the form of nine-year Government bonds carrying a commercial rate of interest.

Banca Serfin has about 2bn pesos of credits to Visa—half the company's total domestic loans of 4bn pesos—and also $20m of Visa's total foreign currency credits from Mexican banks of $70m. Visa also owes its international bankers $1bn.

Mexican and foreign banks are currently involved in negotiations with companies like Visa on rescheduling their loans. Olloqui declines to go into detail about the bank's policy towards rescheduling loans, which he says is a sensitive issue. But he makes it clear that the bank was "bending over backwards" to keep heavily indebted companies afloat.

This approach, he says, is not shared by foreign banks, which he accuses of demanding excessively high spreads on rescheduled loans. "They were willing to share in our profits but they are not so willing to share our crisis. You cannot say that the foreign banks had nothing at all to do with our crisis. They did not come here and push their money out of a sense of charity. We have been surprised by their lack of understanding." Banca Serfin has so far rescheduled loans worth 5bn pesos.

Dr Jose Juan de Olloqui

Foreign bankers, however, say the Mexican banks were just as aggressive as they were on spreads. One European banker points out that the Mexican banks were taking the same high spreads as the foreign banks which incorporated a 15 per cent withholding tax, though they were not subject to the tax.

International banks used to absorb the withholding tax — which is levied on interest remitted abroad by private companies — when they were making fat profits out of Mexico. Now they are trying to gross up spreads to allow for the tax. The foreign banks, says the Finance Ministry, are being greedy.

Mexican banks are justifying taking higher spreads on their rescheduled dollar loans because they are having to pay more for their own borrowings on the inter-bank market. "The trouble is that top people in our banks were trained in Citibank and now they are finding it difficult to think like civil servants," is the ironic comment of a senior Finance Ministry official.

On peso loans, however, banks like Banca Serfin are stretching out grace periods and, depending on a company's guarantees, are understood to be rescheduling loans at below their normal margin over the cost of their funds. Banca Serfin is lending at 7 per cent to 9 per cent over the central bank's average cost of funds (CPP), the benchmark for its loans, which is currently 57.78 per cent.

Like all banks, Banca Serfin, suffered a run on its inter-bank deposits when the country's debt crisis exploded a year ago. Foreign banks which had placed short-term deposits in Banca Serfin's overseas branches in London, New York and Los Angeles began to call them in.

"We feel we have regained part of the confidence and the image we used to have," says Olloqui, the bank's inter-bank deposits now being about $1bn, or 20 per cent higher than a year ago. He travelled a great deal to present the bank's case and is proud of the fact that unlike other larger Mexican banks, Banca Serfin did not have to resort to the Central Bank to pay out insistent foreign bank clients.

With the drying up of loan syndications and project financing in the Mexican market, Banca Serfin has moved into trade financing, letters of credit and cash management to shore up business.

Olloqui is adamant that the top four banks (Bancomer, Banamex, Banca Serfin and Multibanco Comermex) should not merge their overseas branches into a common front. "We must continue to compete, it is good for the country. But gentleman's competition, not cutthroat." He declines to elaborate on what he means by "gentleman's competition," but one Mexican banker has a comment:

"There is more interchange of information now, but we are still geared by the same instincts. Nationalisation has not tamed us. We are all in the same boat, but not because we have the same owner. We are all fighting to survive."

TECHNOLOGY

EDITED BY ALAN CANE

NORWAY'S LEADING COMPUTER COMPANY PLANS ITS FUTURE

Norsk Data aims for UK growth

BY RAYMOND SNODDY, RECENTLY IN NORWAY

NORSK DATA, producers of one of the world's fastest 32-bit super mini-computers, is in the process of acquiring an 18th-century castle, Benham Park, in extensive grounds near Newbury.

The Oslo-based company, whose name is most closely associated with the high physics environment of CERN, the European Organisation for Nuclear Research and the Joint European Torus project, is planning an alternative headquarters with a little English country elegance.

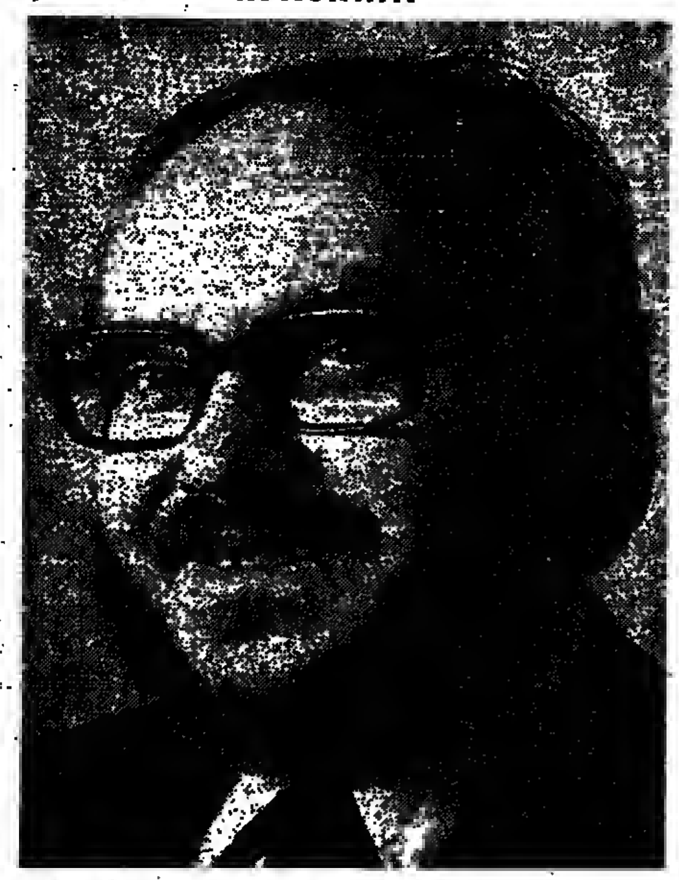
The decision to have a UK and central European headquarters, which when renovated, will probably be more grandiose than the modest offices in the old Tandberg Hi-Fi factory where the outskirts of Oslo merge with hills and scrubby forest, has little to do with a search for prestige.

> The growth rate in the UK has doubled in each of the past two years and turnover is expected to top £5m this year and rise to £11m next.

The shareholders had better watch out, says Norsk Data's president and chief executive Mr Rolf Skar, if the company ever starts buying castles for status.

"It's a business decision and one of the best business decisions we've ever taken," says Rolf Skar, the last remaining founder still at Norsk Data.

Benham Park is however symbolic of the determination of Norway's leading computer company to establish a major presence in the UK market and of its increasing commitment to business and office automation systems in the wider European market outside Scandinavia to place beside its reputation in the research and university field.



Rolf Skar, the last remaining founder of Norsk Data.

Eighteen months ago Rolf Skar sent e small team to the UK which included two of the company's five vice-presidents—Tor Alfheim and Lars Gahnstrom.

"They were given the task of going for maximum growth," says Skar.

The growth rate in the UK—from a tiny base—has doubled in each of the past two years and turnover is expected to top £5m this year and rise to £11m next.

The two UK-based vice presidents have set themselves the task of making the UK the company's largest individual market before the end of the decade—a task that would imply a turnover of more than £50m and between 600 and 700 employees.

The planned expansion in the UK is part of an aggressive strategy by a relatively small Norwegian company to push its way to the centre stage of the European market. Revenue in 1982 was only $82.6m and it still has not broken into top 25 in terms of total mini-computer sales in Europe.

Already this year Norsk Data increased its holding in Dietz Computers System of West Germany to 80 per cent as a platform for attacking the German market and also acquired a Swedish company, Silldata, a computer service bureau, for the Swedish forestry industry. The acquisitions bring the total number of employees to 1,500.

Rolf Skar says he also planned to enter the UK market by acquisition but found all the posible UK companies to be too small and decided instead to go for organics growth.

Mr Ulric Weil, electronics analyst for Morgan Stanley, the New York brokers, said in a recent report he expected a 52 per cent earnings gain this year for Norsk Data and that profit growth will average 30-35 per cent over the next few years compared with 48 per cent since 1977. There was a growing acceptance of the company's ND 500 series (a new, faster model was unveiled in Paris last month).

> "We are an American (style) company located in Europe, staffed by Europeans and using Japanese management techniques."

Norsk Data, the report says, had focussed on significant high growth submarkets of the industry — and offered superminis similar to Prime Computers, high speed scientific applications like those of Sel-Gould and integrated office automation packages like those of Wang.

"The company acts as a sophisticated, sollution - orientated systems house rather than trying to manufacture 'black boxes' in competition with better positioned, much larger, fully integrated firms such as Digital Equipment or Hewlett-Packard," says Morgan Stanley, which has in the past acted as broker to Norsk Data in the U.S.

Though the Norwegian company had so far been able to perform the "hat-trick" of successfully tackling a wide range of markets, sooner or later, Mr Weil argued, choices would have to be made.

Rolf Skar says he is determined to keep Norsk Data a general mini-computer company although with an increasing emphasis on business systems and software.

Such activities as integrated office systems, database management and general purpose transaction processing are likely to account for around 70 per cent of Norsk Data's revenues this year.

Nearly three quarters of the company's research and development budget — or 7 per cent — is now heing spent on software. Mr Skar helieves that computer companies which remain mere manufacturers of computer hardware — rapidly becoming a commodity with attendant low margins — rather than offering solutions to real problems for the user will die as surely as railwey companies once died.

Mr Skar believes a stable and motivated staff — stock options have produced Kroner millionaires even in the canteen and company warehouse — will enable Norsk Data to complete its transition from being an engineering driven company with an uncertain reputation for marketing.

His staff, he says, "will go through walls" to get results. "We are an American (style) company located in Europe, staffed by Europeans and nsing Japanese management techniques," says Mr Skar who was once a visiting engineer at the Massachusetts Institute of Technology.

It is a combination which has Norsk Data et the top or near the top of the computer league for such factors as revenue earned per employee and earnings per share.

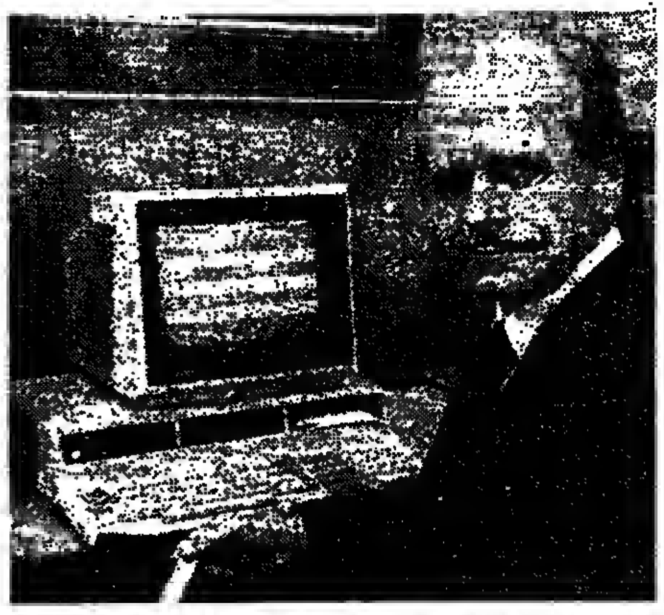
Although Norsk Data has not tried to make a general ettack on the U.S. market, Rolf Skar was speaking after returning from a trip to the U.S. where he was involved in negotietions for a major enhancement to an earlier U.S. order—the Hughes Aircraft contract for the Nato Northern Area control system.

Before he left for the trip he sent out a memorandum to his senior managers reviewing the progress of the company so far. It argued thet the basic infrastructure had now been laid for a European expansion and the future aim of Norsk Data was to become a world computer company.

The claim would seem an excessively optimistic piece of internal morale boosting were it not for the wey Norsk Data nas already managed to hreak out from its Scandinavian confines and catch the ettention of the financial community in both London and New York.

MICROS IN EDUCATION

How Kontiki will set sail



Lars Monrad Kron striking ont on his own again.

LAS MONRAD KROHN is a central figure in the Norwegian computer industry and in a way personifies its history.

Like many of the founders of the industry his technological origins lie in the Norwegian Defence Research Establishment. He was one of the small group who founded Norsk Data, the largest computer company in the country and was its president.

From the fast minis of Norsk Data, Mr Monrad Krohn moved to fast microcomputers and was involved in the founding of Data Industrie and its successor Mycron — a company whose computers can be found in Soviet car plants and controlling oil production in the North Sea.

At the beginning of this year he and a colleague, Gro Jorgensen, decided "it would be more interesting to work on a new challenge" and founded Kontiki-Data. The new challenge has heen to design a school and home computer which he hopes will do for Norway what the BBC Acorn has done for Britain. A Norwegian computer television series similar to the BBC computer programme is planned for next autumn.

At the age of 50, despite holding stock in Norsk Data worth more than £2m, Lars Monrad Krohn is starting again with a staff of six in an "office hotel" —the sort of place where you can hire offices on e short lease and share e boardroom with other fledgling companies.

"He is a true entrepreneur. He is founding his fourth company," says his former colleague, the current Norsk Data president, Mr Rolf Scar.

The Kontiki machine is now in the final rounds of a competition to choose the computer to be recommended for the television programme. Thirty five computers were entered including the Acorn and a Norwegian-huilt Osborne.

The largest part of the £1.5m raised to get the Kontiki micro off the ground came through a privete placement in London and Mr Monrad Krohn hopes to be ahle to export the computer to the UK although he is eware he might be facing e tough marketplace there.

The Kontiki 100, Mr Monrad Krohn says, is a very rohust machine—"you can stand on it." It is hased on the use of e floppy disk drive, and has a 64K RAM for program end operating systems and 32K for colour graphics. The graphics display can show up to 256 different colours.

A simple word processing program has been developed for the machine which a group of 12-16-year-olds mastered with two hours instruction.

Mr Monrad Krohn believes his machine is arriving at a moment when the personal computer market in Norway is about to take off and when the education authorities are pressing ahead with plans to increase the number of computers in Norwegian schools. Lars Monrad Krohn, hopes to sell 5,000 machines by the end of next year and make the Kontiki 100 the Norwegian standard micro.

RAYMOND SNODDY

Design

Interactive solid modelling

REVEALED BY McDonnell Douglas Automation at the Design Engineering show in Birmingham was Unisolids, an interactive solids modelling computer aided design (CAD) system capable of producing realistic high definition pictures almost indistinguishable from colour photographs.

Running on the DEC VAX or Data General MV series of 32 bit minicomputers, supplied by McAuto under a turnkey agreement, Unisolids is claimed to be the only CAD/CAM system on the market that uses both the newer constructive solid geometry (CSG) technique and the more common boundary representation to model solid objects—a more rapid display can be prodnced hy the latter while the former is better for full, "3D" solid coloured modelling.

The user constructs his shape by calling up simple hlocks, cylinders, cones and spheres which are combined to form more complex parts using Boolean operations of intersection, union and difference. Individual components can then be organised into assemblies.

Prices begin at £22,900 on a small compnter rising to £38,000 on a large machine. Some 20 of the earlier models of McAuto's systems, employing "wire frame" modelling have been installed in the UK, the customers inclnding Cranfield Institute and Baker Perkins. More on 04862 26761.

UK COMPANY NEWS

Higgs and Hill up 35% at halfway

ALTHOUGH experiencing fierce competition in the UK construction industry, the Higgs and Hill Group reports increased pre-tax profits for the first half of 1983. The figures were up 35 per cent from £2.09m to £2.83m.

Turnover of this holding company with interests in construction, property development, property investment and housebuilding, was £10m higher at £81m.

The interim dividend is raised from 3.25p to 4p net, an increase of 23 per cent, and this absorbs £359,000 against £291,000. Last year's total was 9p from pre-tax profits of £4.63m.

After tax up from £1.09m to £1.47m and minority credits of £9,000 (£4,000 debits), attributable profits came out higher at £1.37m compared with £998,000. Stated earnings per 25p share rose 4.1p to 15.2p.

Mr Brian J. Hill, the chairman and chief executive, says the recession remains with us, but in spite of this, the group has secured sufficient orders to give it a sound base for next year.

He says good progress is being made on its projects in Egypt, Trinidad and Barbados, and it continues to seek further opportunities in these and certain other selected territories.

Property lettings remained slow in the first half because of the low level of demand for commercial and industrial space. He says this situation is now showing the first signs of improvement. In France, lettings have been good, but sales have been delayed.

Demand for houses was good in the opening months of the year and turnover was substantially up on 1982.

He says that in the light of current trends, and in the absence of unforeseen circumstances, he expects the profits in the second half to exceed those now reported. In the last full year pre-tax profits stood at £4.63m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Anglo American Investment Trust, Benlox, Aronx Engineering, Brustone (Musselburgh), Hewden-Stuart Plant, Holt Lloyd International, Johnston Group, Austin Reed, Ruberoid, Silkolene Lubricants, Spear and Jackson International, Tmnwood, United Guarantee.

Finals: Canadian Overseas Packaging Industries, Mitchell Cotts, Charles Sharpe, Unigroup.

FUTURE DATES

Interims—	
Campari International	Oct 7
Clive Discount	Oct 13
Eucalyptus Pulp Mills	Oct 7
Farnell Electronics	Oct 13
First Castle Electronics	Oct 12
Greenbank Industrial	Oct 12
Hammerson Property Investment and Development	Oct 14
Michelin Tyre	Oct 10
Midland Marts	Oct 11
Time Products	Oct 13
U.E.I.	Oct 14
United Ceramic Distributors	Oct 27
Wettern Brothers	Oct 17
Finals—	
City of Aberdeen Land Assoc.	Oct 10
Guildhall Property	Oct 11
Highland Electronics	Oct 13
Maunders (John) Construction	Oct 13

● comment

Higgs & Hill continues its impressive growth record-making strides on all fronts. The solid 35 per cent increase in pre-tax profits has not been flattered by any property sales. Its selective approach to property development and now housing is reaping its rewards. Chief executive Brian Hill admits that the property market is still fragile but has grounds for "cautious optimism" and rental income is up in the UK. Overseas, Trinidad will make a "useful contribution" to profits this year, while a good start has been made on the Central Bank in Barbados. A joint company has been established with a local firm in Bahrain to exploit opportunities. Higgs & Hill are well set to make at least £6m pre-tax for the year and shareholders can expect a total dividend of not less than 11p net. The shares which closed yesterday up 14p at 294p sell on a fully taxed prospective PE of 9 (although the company says the actual tax rate is significantly lower) and yield 5.4 per cent.

H. Young back in the black with £53,000

A swing back into profit is reported by H. Young Holdings with pre-tax figures of £52,800 in the year to May 31, 1983, compared with losses of £117,800 in the previous year. Turnover of this motor distributor rose from £4.38m to £5.02m First-half losses were down from £21,679 to £4,859.

No tax is payable and the profits include an extraordinary credit of £7,200 against a debit of £29,700. Last time there were associate losses of £9,700.

Earnings per 25p share before extraordinary items were 2.8p (loss 5.3p). No dividend is again payable—the last payment was in 1973.

The subsidiary, Puttocks, was established as a substantial Mercedes Benz dealership from January 1 last. The directors say recent trading results are encouraging, and if these continue for the remainder of the financial year, they expect profits to exceed those of last year.

Albert Martin down on UK side

A DETERIORATION in UK results following increased pressure on margins helped reduce pre-tax profits at Albert Martin Holdings for the first half of 1983. The taxable surplus of this garment manufacturer slipped from £246,000 to £238,000 on turnover of £13.94m against £13.11m.

The net interim dividend has been held at 0.75p on capital increased by a share placing completed in June. In the last full year a total of 2p was paid—at the time of the placing the directors stated their intention of maintaining this rate in 1983.

Profit for the year under review will be affected by the difficulty being experienced in the UK in achieving adequate margins, say the directors. In the last full year a turnround from pre-tax losses of £282,000 to profits of £667,000 was shown, and the directors said the 1982 result provided a platform for future growth.

The directors now point out that there is good demand for all the company's products which, with the potential of overseas interests, means they remain confident of the group's longer term prospects.

The proceeds of the June placing were used to reduce borrowings and start a selective programme of capital investment.

Pre-tax profits were struck after lower net interest charges of £318,000 (£359,000).

Following a recent reorganisation of management responsibilities within the UK divisions, Mr C. D. G. Smith has been appointed as an additional executive director.

Mr Michael Kidd, chairman, said later, that the UK manufacturing operations were trading at a loss and it was "touch and go" whether they would finish the year in the black. Margins remained "very disappointing," he said.

He said the profitability of the knitwear division was the biggest problem. The group's main customers include Mothercare, British Home Stores, and Marks and Spencer which takes 30 per cent of group production.

Mr Kidd said the group continued to be supported by profits from its overseas operations, where the new Sri Lanka factory broke even during the first half.

● comment

The importance of Albert Martin's growing presence in the Far East could not have been underlined more strongly by these figures. While overseas trading made a profit margin of nearly 20 per cent, out of financing charges, the UK division made a slight loss. The temptation may be to contract further in the UK but the directors point out that demand here is strong, even if prices are lagging way behind increases in raw material costs. In any case, customers like M&S, British Homes Stores and Mothercare suggest that the downside risk in the UK must be limited. So the group has moved to reduce operating costs at home with a £750,000 investment in computerised cloth-cutting and knitting plant. Albert Martin's high overheads mean that the bottom line should benefit strongly from such an approach. Meanwhile, the new West German distribution activities will provide access to an important market for perhaps £400,000 worth of the Far Eastern output. The shares slipped 2p to 43p, where the prospective yield is 6.7 per cent, assuming a total dividend of 2p net.

Hambro Life lifts midway payout

Hambro Life Assurance, the largest linked life company in the UK, is lifting its interim dividend by 17 per cent from 4.025p to 4.7p.

The company does not give half-yearly profits figures, being a life company it makes an annual valuation at the end of the financial year.

As already reported, new life and pensions business grew steadily in the first six months with new annual premiums up 9 per cent to £38.7m and single premiums up by 45 per cent to £77.9m. New initial commission payments, the company's measure of new business growth were 19 per cent higher. Unit trust sales of the subsidiary Allied Hambro Unit Trusts quadrupled to £38.7m.

The company reports that new business continued to improve in the third quarter, with sales of the new whole life adaptable plan being strong, and the new mortgage repayment scheme now a significant source of business.

Unit trust sales have improved on the excellent growth of the first six months.

The company is launching its new comprehensive financial services operation later this month centred on its banking subsidiary Dunbar. Mr Mark Weinberg, deputy chairman and joint managing director of the company, claims that this service has been developed within the normal computer development resources and that there will not be a noticeable rise in expenses. Indeed, he claims that expenses remain under firm control.

The market was pleased with the dividend increase which was well up to expectations. The price improved 10p to 426p on a day when insurance shares were under pressure, yielding 5.3 per cent gross on an anticipated 15.75p dividend for 1983.

Allocations for Telemetrix share offer

THE offer for sale by Telemetrix, the electronics company, of 5.24m shares at a fixed price of 185p has been oversubscribed over 35 times, excluding irregular and multiple applications.

It is the first of a bunch of new technology issues queueing to gain a full listing to be followed soon by Oxford Instruments, Acorn and Atlantic Computers, so issuing house Barclays Merchant Bank should be satisfied with the warm response. At 185p, the shares will sell on a prospective p/e of around 25.

Applications from employees of Telemetrix, which numbered 94 for 156,204 ordinary shares on pink forms, have been accepted in full.

Weighted ballots will be conducted for applications of between 100 and 5,000 shares. Successful applicants for between 100 and 1,000 shares will receive 100 shares, and between 1,500 and 5,000 will receive 200 shares. Applicants for over 6,000 shares will receive 3 per cent of the shares applied for.

Renounceable letters of allotment will be posted tomorrow and dealings are expected to commence on Monday, October 10.

Bristol Waterworks £6m offer

The Bristol Waterworks Company is offering for sale by tender £6m of 6.5 per cent redeemable preference stock.

At the minimum tender price of £100, the conventional gross yield is 9.28 per cent, or 13.54 per cent for those liable for corporation tax.

The stock is redeemable at par on November 30 1988. Tenders must be for £100 nominal or multiples thereof. Applications must be received before 11 am on Tuesday, October 11, accompanied by deposits of £10 per cent. The balance will be payable by Wednesday, November 30.

The issue is being made by Seymour, Pierce & Company in conjunction with Hoare Govett. The first dividend, which will amount to £2.261 net, will be payable on April 2 1984. Thereafter, dividends will be payable half-yearly on October 1 and April 1.

● comment

Judging by the last comparable offering, of York Waterworks, there is a certain amount of pent-up demand for water issues. York was oversubscribed 2.7 times three weeks ago and is now trading at a 2.5 per cent premium. So the return on Bristol has been set slightly lower. The equivalent franked income yield at par of the nearest gilts is 10.63 per cent and 10.07 per cent, so applicants should be successful at a premium of ¼ to ½ a point above the minimum tender price.

Amstrad surges £3.28m and pays 2.84p total

AS EXPECTED second half profits of Amstrad Consumer Electronics failed to match those of the opening six months, but the group still returned pre-tax figures for the full year to end-June 69 per cent ahead of those reported for 1981-82.

With turnover up from £28.06m to £51.78m profits for the 12 months surged by £3.28m to a record £8.04m, with the second half contribution rising to £3.46m, compared with last time's £2.18m.

The final dividend is being effectively increased by 20 per cent to 1.72p, which lifts the net total from an adjusted 2.37p to 2.84p net per 25p share.

Mr Alan Sugar, Amstrad's chairman, says the results were achieved by continued domination of the UK audio market and a deeper penetration into the colour TV market aided by a "very successful" advertising and marketing strategy.

He points out that the group experienced healthy continued sales of existing models and an excellent reception of new products, such as audio tower racked units with remote control and a stacked module unit with motorised front loading record deck.

The chairman says he was also "delighted" with the way in which the first CTV marketed by the group was accepted.

Production of a 22 in CTV with remote control was started in June this year, and Mr Sugar comments that a full orderbook suggests that this product will also be a success.

In May, Amstrad launched its video cassette recorder which has also been well received and sales to-date of all products are "very pleasing."

The chairman also notes the growth in export business over the year and feels that these new markets will develop well in the future.

Group profits for the year were subject to a higher tax charge of £2.7m, against £2.19m for 1981-82, which left net profits £2.76m up at £5.34m.

Earnings per share emerged at 28.5p, against an adjusted 13.8p.

Amstrad moved into its new factory in Shoeburyness early in the year and this is now fully operational. Thought is now being given to an adjacent site for further expansion.

During the year the group's two subsidiaries in France and Hong Kong made good progress and Mr Sugar is confident that both will continue their successful development.

He reveals that a new range of tower racked hi-fi systems incorporating a linear tracking turntable and full remote control facility is being introduced along with a new twin cassette version of the popular stacked module unit and, in the middle part of 1984, a new range of CTVs.

Mr Sugar says the group is considering future plans on video cassette recorders to include the assembling of these products in the UK. Although this is dependent on exclusion of kits of parts from the EEC quote arrangement, he is confident that this will materialise.

Sales so far in the current year are "very encouraging" and Mr Sugar is quite confident that the group's achievement in the current year will be traditionally "in the true Amstrad style."

In view of the present level of the market price of Amstrad's ordinary 25p shares, and in order to improve the marketability of them, the directors are proposing that each existing share should be sub-divided into five ordinary at 5p each.

A resolution to this affect will be proposed at the AGM to be held on November 24.

● comment

Even a two-thirds profits jump by Amstrad disappointed those who had been living with forecasts of over £8m since the beginning of 1983 and the shares fell by 25p to 450p. Nevertheless it is hard to fault the figures. The 22-inch colour sets, now in production at Shoeburyness, made virtually no impact on these these figures, neither did the fully assembled videos Amstrad is importing. So an 85 per cent leap in sales was still dominated by audio. Amstrad's market share in the UK increased by 10 points to 36 per cent with volume up 40 per cent. Audio accounted for 70 per cent of profits, the other major product line being 14-inch colour TVs which are imported ready to go straight on to the retailers' shelves. Inevitably the gross margin on these are that bit lower than its own products and that is the reason behind a fall in group pre-tax margins of 1½ points. Presumably the growing volume in videos could have the same effect. It is unrealistic to start making projections to June 1984 at this stage yet audio continues strongly and Mr Sugar is looking for volume growth of up to a quarter. Then there are the new products. He is targeting for 100,000 22-inch sets from the Essex factory this year. The prospective p/e is clearly well down on the historic 15.8.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Astrad	1.72	Nov. 25	1.44*	2.84	2.37*
Hambro Life ......int.	4.7	Nov. 25	4.03	—	13.4
Higgs & Hill ......int.	4	Dec. 1	3.25	—	9
House of Lerose ......int.	3	Dec. 9	3	—	7.6
Laing Props. ......int.	2.5	Nov. 18	2	—	5
Albert Martin ......int.	0.75†	Jan. 4	0.75	—	2
Precious Metals	0.55	—	0.5§	0.55	0.5
Renishaw	0.7‡	—	—	0.7	—
Save & Prosper	0.25	—	0.25	0.25	0.25

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For 10½ months.

Renishaw tops forecast at £1.7m

IN THE first figures since joining the Unlisted Securities Market in June, taxable profits of high technology precision measuring equipment maker Renishaw advanced from taxable profits of £636,000 to £1.72m in the year to June 30, 1983. This compares with a forecast of £1.65m made at the time of the offer.

The year's dividend is set at the forecast rate of 0.7p net per 5p share. Earnings per share are given as 3.25p (1.35p) compared with a forecast 3.14p.

The directors say the current year has started with demand for the company's products ahead of that for the comparable period in 1982, notwithstanding the traditionally slow beginning to its financial year.

They are particularly optimistic about growth potential of the computer numerically controlled (CNC) machine tool market in which the company continues to expand its involvement. The large commitment to research and development which they say has served the company well, both in this market and in the traditional co-ordinate measuring machines (CMM) market, is maintained. New product ranges are currently being developed for programmable gauges for use in flexible manufacturing systems and for high speed robotic inspection equipment used in flexible assembly systems.

They have every confidence in the company's continued growth and look forward to significant progress in the future.

Turning to the subsidiary companies they say in just over two years, Renishaw Inc. of the U.S. has firmly established itself in its market and has already built up an impressive list of customer accounts. Turnover almost doubled in the past year, and the company's aims of providing first-class service facilities, together with its involvement in marketing and selling Renishaw CMM products, have proved to be a most successful combination.

Turnover moved ahead from £3.42m to £6.47m and operating profits came to £1.83m (£683,000). Tax took £813,000 (£257,000) leaving net profits of £909,000 (£379,000).

Over-the-Counter Market

1982-83 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	132	—	6.4	4.8	7.7	10.1
158	117	Ass. Brit. Ind. CULS	140	—	10.0	7.2	—	—
74	57	Airsprung Group	74	—	6.1	8.2	21.1	21.1
46	21	Armitage & Rhodes	22	—	—	—	—	—
242	98½	Bardon Hill	242	—	7.2	3.0	9.9	20.1
161	100	CCL 11pc Conv. Pref.	140	—	15.7	11.2	—	—
270	183	Cindico Group	183	−1	17.6	8.6	—	—
86	45	Deborah Services	69	+1	6.0	10.2	—	—
147	77	Frank Horsell	147	—	—	—	6.2	10.1
141	76½	Frank Horsell Pr Ord 87	141	—	8.7	6.2	5.8	9.7
83	53	Frederick Parker	53	−1	7.1	13.4	3.3	5.3
55	32	George Blair	32	—	—	—	—	—
100	59	Ind. Precision Castings	60xd	—	7.3	12.2	10.5	20.7
200	100	Isis Conv. Pref.	200	—	17.1	8.6	—	—
114	47	Jackson Group	108	—	4.5	4.2	5.5	10.9
237	111	James Burrough	212	—	11.4	6.4	11.7	12.0
260	137	Robert Jenkins	138	+1	20.0	14.5	13.0	10.8
83	54	Scruttons "A"	69	—	5.7	8.3	11.5	8.3
167	102	Torday & Carlisle	102	−2	2.9	2.8	—	—
29	21	Unilock Holdings	23	—	1.0	4.3	15.0	21.9
90	64	Walter Alexander	89	—	6.8	7.6	7.8	10.3
276	214	W. S. Yeates	265	—	17.1	6.5	4.1	8.5

Licensed Dealer in Securities

Norcros gains 37.3% of UBM

By Ray Maughan

Norcros, the diversified industrial holding company which is bidding £75m for UBM Group, passed what it regarded as an important milestone yesterday when it announced that it had control of 37.3 per cent of the builders' merchant.

The bidder acquired 3.49m shares in the market which was enough to lift its aggregate share purchases from 26.6 per cent to 32.5 per cent at the close of trading on Tuesday.

Tha bidder was thus able to jump an important City Code hurdle which stated that Norcros, nnder Rule 34, could not purchase more than 30 per cent from now onwards unless it bad reached that total by the end of trading yesterday. Norcros can now stay in the market every day until its underwritten cash and equity offers finally expire on October 19.

The bid, which bas become predominantly cash based, is now unconditional in all respects save majority control. Included in the shares acquired yesterday were 1.11m UBM shares purchased in assented form and 950,000 shares acquired in non-assented form from previous acceptors of the ordinary offer.

UBM shares added 5p to 125p which matches the value of Norcros' cash offar while the bidder's own share price reversed recent movements by dropping 1p to 130p.

Butterfield share deals suspended

Shares in Butterfield-Harvey, which makes Beldray ironing boards and latters and Shelvoke and Drewry refuse collection vehicles, were suspended yesterday after a 4p rise to 30p pending further details of a proposed trading agreement and capital injection from a third party. The market capitalisation at suspension is £4.6m.

The group has been in loss for the past three years but the board, which has recently been joined by Sir Monty Finniston as chairman, has been abla to pull the position around into a trading profit, before interest, and a profit after all charges seems likely this year despite a weak ordering pattern by local authorities in respect of refuse collection vehicles.

Pearce Duff expands

Pearce Duff, makers of fine foods since 1847, have acquired James Ashby and Sons, tea and coffee importer and blender.

James Ashby, which currently has a turnover of £2m, is located in south-east London and employs over 40 staff.

This acquisition, which will increase the Pearce Duff group annual turnover to over £16m, is part of a planned programme of expansion to broaden the company's range of quality foods in UK and export markets.

Thames Investments

The Stock Exchange yesterday temporarily suspended the designation and recording of bargains in Thames Investment and Securities, the USM-quoted property investment and development group.

Edenspring in £8m deal to acquire Oric Products

Edenspring, travel, motor and estate development company created earlier this year out of the ashes of Pennine Commercial Holdings, is to acquire Oric Products, a computer company founded last year, in a deal worth np to £8m.

The deal is likely to result in Edenspring losing its stock exchange listing but tha company says provision is being made for share dealings to continue oo the over-the-counter market (OTC).

Tha announcement comes in the wake of news on Tuesday that the board of Edenspring bas asked the Department of Trade to appoint inspectors to investigate the affairs of Pennine Commercial Holdings. The company was taken to the verge of bankruptcy following the fall of Saviogs and Investment Bank on the Isle of Man in autumn last year.

Mr Temple Melville, wbo has headed Edenspring since its rescue in February this year, said yesterday that the company plans to pay for Oric in two tranches using Edenspring shares.

It will initially issue 25m of its own 1p sbares—which at yesterdaq's suspension prices of 9p amounts to about £2.25m—to the present directors of Oric.

It will than issue to the Oric directors a maximum of 65m shares in about two years time, if the company makes aggregate profits before tax of at least £2m in the two years to Juna 30, 1985. Edenspring has about 91m shares in issue.

All of the proposals made yesterday will be subject to shareboldar approval, and a sharebolder meeting is proposed for Novamber 14.

Current loans to Oric amounting to about £1m are to be satisfied by the issue to creditors of 12.6m new Edenspring shares, and a further £750,000 will be raised by placing almost 9.4m shares.

Mr Melville also disclosed that loans to Edenspring were being negotiated, with completion expected "in the next few days."

Oric bas reached sales of £4.6m in its first six months of trading to June 30 this year, the company said yesterday. To date it has sold nearly 100,000 units of its Oric 1 micro computer.

The computer was declared the best product of its kind by France's technical Press two weeks ago. The Oric 1 is the leading micro compnter system in France, and overseas sales account for 50 per cent of turnover.

Most of its circuit boards are manufactured in Singapore, througb a joint venture company. Research and development is based at the Cambridge Tecbnopark. Oric chairman Mr John Tullis said yesterday that a number of new products were planned for sala in 1984, and the company aimed to broaden its base beyond the computer field.

Humphries Hdgs. deal off

Humphries Holdings, loss-making developer and printer of motion films, which is 75 per cent owned by British Electric Traction, has called off a proposed merger of its film laboratories with Rank Film Laboratories.

Earlier this year Technicolor (UK) announced it had abandoned plans to bid for Humphries.

Humphries initially revealed in Jannary that it was in talks with Rank but discussions were stalled when the Office of Fair Trading deliberated on whether to refer the bid to the Monopolies and Mergers Commission. The OFT gave tha green light for a merger but initially the talks were not resumad.

Humphries said yesterday that its film laboretories would continue to operate from premises in London, Manchester, Leeds and Glasgow, offering a full range of services. Tha Manchester laboratory will move to new premises in early 1984.

Kenning spends £9.25m in U.S.

Tha Kenning Motor Group is to acquire the assets and businesses of three companies in the U.S. for a total consideration of $13.6m (£9.25m).

In the deal Kenning is buying Tire Masters, a tyre wholesaler based in California, Interstate Warehouses, a tyre retailer based in Hawaii, and D. C. Rent a Car Company, a car hire operation in Washington.

Kenning said yesterday that it had been actively seeking an opportunity to enhance its growth prospects

The group is spending $12m in cash for Tire Masters and Interstate and $1.6m on DC Rent

The net profit before taxation for Tire Masters and Interstate, in the year to April 30 1983, totalled $1.2m on a turnover of $42m. For the financial year ending September 30 1982 the net profit before taxation of D.C. Rent a Car was $182,000

Ellerman offer terms

The terms of the preference offers for Ellerman Lines to be made by Mr D. R. and Mr F. H. Barclay are as follows:

For each £1 nominal of 4½ per cent guaranteed preference stock —60p in cash; for each £1 nominal of 5½ per cent non-cumulative preference stock—78p in cash; for each £1 nominal of 6½ per cent non-cumulative preference ordinary stock—90p in cash.

Preference stockholders will be entitled to retain the dividend payable on all three preference stocks on Novmber 1, 1983.

Total consideration payable under the terms of the preference offers is £1.1m.

Holders of the equity share capital have given irrevocable undertakings to accept the preference offers in respect of their own holdings which comprise 54 per cent of the 4½ per cent stock 64 per cent of the 5½ per cent preference stock, and 84 per cent of the 6½ per cent preference ordinary. None of the equity share capital or preference capital of Ellermans is held by the purchasers.

The board of Ellermans and their financial advisers, Morgan Grenfell and Co. consider the terms of the preference offers to be fair and reasonable and recommend acceptance. A formal document containing the preference offers will be despatched by Hill Samuel & Co. as soon as practicable.

SHARE STAKES

Aberdeen Trust—London and Manchester Assurance (subsidiary of London and Manchester Group) has purchased 50,000 ordinary and now holds 8.73m shares. (The above figure includes their pension fund holdings of 75,000 shares.)

Bunzl—American Filtrona Corporation has purchased 20,000 ordinary shares and now holds 2,723,796.

Micro Business Systems—Mr W. S. C. Richards and Mr M. J. Brooke, directors, have each sold 30,000 ordinary shares at 492½p each.

Berry Trust—County Bank on its own account or that of its subsidiary associate companies and or certain pension funds and trusts under its management, has increased its holding in ordinary shares to 812,000 (5.13 per cent).

Personal Assets Trust — Atlantic Assets Trust has sold 412,798 ordinary reducing its interest to less than 5 per cent.

Leda Investment Trust — London and Overseas Insurance has purchased 75,000 income shares increasing holding to 320,000 shares (6.42 per cent).

Marshall's Universal — Esal (Commodities) has increased its holding by a further 50,000 ordinary. Its total holding is 1.51m shares.

Vantona Viyella — J. I. Menaged, a director, has reduced his interest by the sale of 21,140 ordinary. His holding is 100,000 shares.

London and Liverpool Trust—Internorth Developments, in which W. J. O'Donnell, a director, has a 50 per cent interest, has sold 25,000 ordinary at 65p per share. As a result Mr O'Donnell is interested in 75,912 ordinary, which are held as follows: W. J. O'Donnell, 912 ordinary and Internorth Developments 75,000 ordinary.

London United Investments—County Bank has acquired 634,997 shares (5.4 per cent).

Bridon—London and Manchester Assurance Company has sold 52,000 preferred ordinary shares and is no longer interested in any of the company's preferred shares. Britannic Assurance is interested in 3.3m ordinary (6.1 per cent).

Public Works Loan Board rates

Effective October 5

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* A‡	Non-quota loans A* repaid at maturity§
Up to 3	10¾	10⅞	10⅞	11⅞	11⅝	12
Over 3, up to 4	10⅞	10⅞	11⅛	11⅝	11⅞	12
Over 4, up to 5	10⅞	10⅞	11¼	11⅝	11⅝	12
Over 5, up to 6	11	11	11⅜	11⅞	11⅝	11⅞
Over 6, up to 7	11⅛	11⅛	11⅝	11⅝	11⅝	11⅝
Over 7, up to 8	11⅛	11⅞	11⅞	11¾	11¾	11⅝
Over 8, up to 9	11¼	11¼	11⅞	11¾	11¼	11⅝
Over 9, up to 10	11¼	11⅞	11⅞	11¾	11⅞	11⅝
Over 10, up to 15	11⅛	11¼	10⅞	12	11¾	11⅝
Over 15, up to 25	11	10⅞	10⅞	11⅛	11½	11⅝
Over 25	10¾	10⅞	10⅝	11⅞	11⅞	11

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

MINING NEWS

Siebe formal offer document for Tecalemit

By Ray Maughan

SAFETY EQUIPMENT, protective clothing and mechanical engineering group, Siebe Gorman, has published its formal offer document in support of the £14.8m cash and equity bid for Tecalemit it unveiled on September 15.

Having maintained its silence for the past 20 days, Tecalemit yesterday rejected the proposed deal on the grounds that it "is inadequate and does not reflect either the benefits arising from action already taken by management or the consequent prospects

The bid has been launched, Siebe explained, because "there exists a very large potential for increasing interoational sales of Tecalemit garage, lubrication and filtration products througb Siebe Gorman's existing extensive overseas manufacturing and marketing structure, in the U.S., South Africa, Western Europe and elsewhere.

"Additionally, there exists a considerable degree of product and angineering compatibility within the technology of the two groupa."

Siebe is insisting that its terms represent "a far higher price than is justified by Tecalemit'a profits ovar tha last three years. Only our confidence that wa shall be able to increase Tecalemit's profitability allows us to offer as much."

Tecalemit's profits bave fallen from £2.19m to just £147,000 in the last three years and, referring to Tecalemit's net assets of almost £30m (before small balances on minorities and deferred taxation), the bidder is convinced that "value should be determined by profitability.

Thus asset backing "is not relevant in considering our offer as this is not a value anyone would pay, only an amount at which assets are recorded in the books of account."

The offer will reacb its first closing date on October 26 and it is likely that in the week before band Tecalemit will publish its detailed defence document.

Lac's forward gold sales pay

BY KENNETH MARSTON, MINING EDITOR

WHILE THE current setback in the price of gold—again easier at $393 per ounce yesterday—is causing some nervousness on the part of gold mine shareholders, those of Canada's Lac Minerals will be comforted by the group's continued successful policy of selling forward a large proportion of its gold production.

At June 30 the group had sold forward 118,220 ozs at an average price of US$487 per ounce and now, reports John Soganich from Toronto, it has increased the sales to a total of 203,000 ozs at an average price of $452. This compares with an average market price for the first nine months of this year of $436.

Lac's gold sales do not involve the group in trading on the futures market. What it doea is to sell, from time to time, a portion of its gold output onder commercial sales contracts to a Canadian chartered bank for delivery at selected future dates and at set pricas.

This major Canadian gold producer has an output target for 1983 of 240,000 oz compared with last year's production of 201,340 oz.

In both 1982 and 1981 higher than average bullion prices were realised by selling forward. Mr Peter Allen, the president, pointed out in Lac's last annual report that these sales increased revenues above the market average by approximately C$25m (£13.8m) in 1982 and in 1981. The cash flow from operations after production costs, amounted to C$51.7m last year.

Meanwbile, Lac ia looking forward to establishing a new gold mine at its Williams orebody at the Hemlo gold camp in north-west Ontario. The estimated capital cost to taka the property to full produclon has now been revised to C$150m from the original C$100m.

Assuming that feasibility studies are favourable, development of the orebody could start early next year. It would take at least two years to reach full production at a milling capacity reta of 2,500 to 3,000 short tons of ore per day.

Progress at Mesquite gold mine venture

A NEW gold mine is taking shape in North America for the Consolidated Gold Fields group. The annual review of the gronp's Gold Fields American Corporation (formerly Amcon) discloses that a feasibility study to determine the best way to mine the Mesquite deposit in Imperal County, California, is due to be completed in the first half of next year.

Mesquite contains a large, but low grade, ore deposit. Past estimates bave been of 26m tons grading 2.3 grammes gold per ton as part of an overall 41.5m tons grading 1.7 grammes.

It might thus be minaable by low-cost open-pit methods or as a ramp mine which would mean an underground operation involving tbe use of inclined tunnels

The relatively cheap heap leaching method for recovering gold from the ore instead of the normal treatment plant facilities is also likely. At all events the low grade of the deposit suggesta that it will require low-cost and, possibly, large scale working for it to be economic at current gold prices.

Otherwise, the Gold Fields American review confirms that with the decision to pull ont of the loss-making Skytop Brewster drill rig business and the Azcon Steel and the Direct Rednction technology businesses, the company's other interests are all expected to be profitable in the current year.

Woodchester placing to raise £1.5m

A SMALL Irish company is turning to London for the second time in a year to raise money. Woodchester Investments has primed brokers Wood Mackenzie and bankers Hill Samuel and Allied Irish Investment Bank to raise £1.5m (I£1.9m) by a placing of stock at a small discount to tha current market price.

In October 1982 the company which is involved in equipment leasing made its USM debut witb a placing of 1.15m shares at 84p.

The issue is being accompanied with a profits forecast of I£480,000 compared to IR£272,000 for the year to March 1984.

The directors have declared an interim dividend of 2p a share and it is their intention to pay a final of not lass than 3p.

Precious Metals

Pre-tax revenue of Precious Metala Trust totalled £355,000 for the year to July 31 1983 on turnover of £2.57m. Comparable figures covered the period from September 16 to end-July 1982 whicb amounted to £140,000 and £13.95m respectively.

Earnings rose from 0.58p to 1.54p and the dividend is being increased by 0.05p to 0.55p net per 25p share. Net asset value amounted to 146.9p (73.8p) or at 137.7p as at September 30 1983.

Ellis and Everard

Sales for the five months to September 30 were more than 25 per cent up on the same period for 1982, Mr Simon Everard, chairman of Ellis and Everard, told the annual meeting.

Total group sales for five months are £22.56m (£17.67m), an increase of 27.6 per cent, but 1982's figures included only four months of American Industrial Chemical Corporation of Atlanta, and a dollar exchange rate of 1.75.

Reduced losses at John Crowther

REDUCE PRE-TAX losses, down from £114,000 to £38,000, are reported by John Crowther Group, the Huddersfield textile manufacturing company. Turnover improved from £2.39m to £2.95m in the six months to June 30 1983.

Mr Trevor Barker, the chairman, says the group has continued to prosper. Customers throughout the year placed orders substantially above 1982 levels and it has, therefore, been able to manufacture good volumes.

But, he adds, customers have been almost universally slow to take delivery of their cloth. This situation has, in the last month, reversed and he says the group now expects to exceed its budgeted volumes for the year.

John Crowther is a seasonal business, and while its new businesses will alter this trend, it will be 1984 and beyond before the affect is felt, he adds. The much reduced loss in the first half must be considered a satisfactory indication of its continued improvement, and he views 1984 with some optimism.

There was a group trading profit of £57,000 (£4,000 loss) in the first six months. Interest charges amounted to £107,000 (£120,000) and there was a profit of £12,000 (£10,000) on the sale of fixed assets. After tax of £2,000 (same) the attributable loss was down from £121,000 to £45,000. The loss per 25p share was reduced at 1.2p against 3.4p.

At the 1982 year-end, pre-tax profits amounted to £46,000.

Kwahu over £100,800

Pre-tax profits on ordinary activities at the Kwahu Company rose from £68,493 to £162,455 in the year to June 30, 1983. Profit before investment provision was £76,781 against £101,320, and this included profit on disposal of investments totalling £44,293 compared with £64,281.

After tax of £61,572 (£26,177) and dividend payments of £46,875 (£27,500), the balance taken to reserves was substantially higher at £54,008 (£4,816). Earnings per 10p share of this finance company improved from 1.12p to 2.69p. Net asset value per share was up from 24.75p to 30p, and the dividend is raised from 1p net to 1.25p.

The directors say the current year has started on a firm note and, subject to unforeseen events, they are confident of a satisfactory result for 1984.

House of Lerose falls to £0.5m

THE general trading position at House of Lerose has been more difficult this year than last, and pre-tax profits for the first six months of 1983 show a decline from £622,000 to £536,000.

The net interim dividend has been held at 3p — in the last full year a total of 7.6p was paid from profits of £1.87m on turnover of £16.86m. Earnings per 25p share for the six months were shown as slipping from 5.9p to 4.6p.

Turnover of this garment manufacturer moved up from £8.7m to £9.27m.

For the period under review, Mr M. K. Rose, chairman, says that results at home are more satisfactory than on the continent where market conditions are less favourable.

Pre-tax profits were struck after exchange losses of £41,000 (gains £4,000).

Mr Rose says that the Spring '84 collections currently showing are being well received by customers. A new range of leisurewear garments is about to be launched under the "Cinch" label. This promises to be an interesting development since, Mr Rose says, there is a growing demand for this type of garment.

Tax came to £276,000 (£286,000), leaving net profits of £260,000 (£336,000) from which dividends will absorb the same at £171,000.

Good second half lifts Dunton to peak £113,545

MORE THAN trebled profits from a 24 per cent increase in turnover is reported by the Dunton Group of civil engineering, property development and brickmaking companies for the year to May 31, 1983.

At the pre-tax level profits rose from £32,329 to a record £113,545 following a sharp acceleration in the second six months—profits for the opening half totalled £7,158.

Full year turnover expanded from £682,865 to £844,761.

Mr Alan Sore, the chairman, says present trends in civil engineering show no signs of improvement, although he does not expect contributions from this division to drop below the 1983 levels.

He adds that the brickworks expansion is programmed to come into production next March and, in company with waste disposal and the sheltered homes development project, is expected to make some contribution to 1984 profits.

The waste disposal operations on the Leys Hill site will start early in the New Year and are expected to earn the group £250,000 over the next five years.

This month work will commence on a joint venture with Harman (Chesham) which has secured planning permission to construct sheltered dwellings for old people on the Embassy site at Chesham, purchased earlier this year. The development is expected to be completed in 1986 and make a contribution to profits in 1985 and 1986.

Tax for 1982-83 accounted for £44,579 (£1,412) and extraordinary items £15,201 (£10,767).

Earnings emerged at 0.27p (0.1p)—the group's 5p shares are traded on the Unlisted Securities Market.

RESULTS AND ACCOUNTS IN BRIEF

KLEINWORT BENSON STERLING ASSET FUND—For first half of 1983: Net assets £8.24m (£2.88m), bid basis: net asset value per participating share 1586.5p (1466.5p). Directors say it is their policy to distribute available revenue by way of final dividend in June each year, and therefore they have not declared an interim dividend. The greater part of the return accrues to the fund as appreciation of the underlying portfolio.

RTD GROUP (electroplater and generating set manufacturer)—Results for the year to February 28 1983 already known. Group shareholders' interests I£427,281 (I£737,641). Fixed assets £966,737 (£187,904). Net current liabilities £55,465 (£606,019 assets). Company is proposing to transfer its tax residence to the UK. Meeting: Dublin, October 28, 2.30 pm.

FASHION AND GENERAL INVESTMENT—Results for the year to March 31 1983 reported September 4. Investments £1.76m (£1.41m): Treasury Bills £2 (£1.07m). Net current liabilities £94,935 (£1.12m assets). Meeting: Great Eastern Hotel, EC, October 25, noon.

ZETTERS GROUP (football pool operator, bingo)—Results for year to March 31 1983 reported on September 8. Shareholders' funds £5.55m (£4.73m): fixed assets £5.23m (£5.17m): increase in cash balances £517,186 (£29,911 decrease). Meeting: Clerkenwell Conference Centre, Clerkenwell Green, EC, October 26, at 11.30 am.

FLEMING OVERSEAS INVESTMENT TRUST—Results for the year to the end of March 1983 reported on April 22. Investments at market value £142.32m (£96.35m). Net current assets £8.29m (£2.55m). Cash at bank and in hand £7.82m (£4.39m). Shareholders' funds £150.6m (£98.9m). Meeting: P&O Building, 122 Leadenhall Street, EC, October 25, at 11.30 am.

N. American portfolio boosts Laing Props.

INVESTMENT INCOME at Laing Properties rose from £6.3m to £7.4m in the six months to June 30 1983 and the directors say this increase is attributable mainly to portfolio additions in North America.

Trading profits doubled from £1m to £2m and are likely to remain well up for the year as a whole. At the pre-tax level, profits rose from £4.8m to £5.3m.

The interim dividend is raised from 2p to 2.25p net—last year's total was 5p from pre-tax profits of £9.7m (£8.7m).

Interest charges were considerably higher at £3.5m compared with £1.9m, but administration costs were unchanged at £600,000. The directors say the increase in interest charges is due, in part, to increased borrowings, and in part, to a reduced allocation of interest to development projects.

They say the outcome for the full year is expected to be in line with the trend set by the interim results.

£18.35m of Yearlings

Yearling bonds totalling £18.35m at 9¾ per cent have been issued this week by the following local authorities.

Manchester (City of) Metropolitan DC £1.75m; Greater Manchester Passenger Transport Executive £0.5m; West Dorset DC £0.5m; Wycombe DC £1.0m; Bolsover DC £0.35m; Hambleton DC £0.5m; West Oxfordshire DC £0.25m; Stirling DC £0.5m; Strathclyde Regional Council £2.0m; Bristol (City of) £1.5m; Hillingdon (London Borough of) £1.0m; Dudley Metropolitan Borough Council £1.0m; Hereford (City of) £0.5m; Leeds (City of) £2.5m; Newark DC £0.5m; Cleveland CC £0.5m; Eastbourne BC £0.25m; Hastings BC £1.25m; Sheffield (City of) £1.25m; South Derbyshire DC £0.5m; Tamworth (Borough of) £0.25m.

Whiteway Eng.

Receivers and managers have been appointed at the long-established Bristol company, Whiteway Engineering Co. The company, which specialises in the production of multi-operational precision machines, has some 40 employees. Turnover last year was £0.5m.

Many production difficulties have been encountered over the past two years, coupled with a decline in the number of available orders which resulted in substantial losses being made.

Little improvement in orders as Davy Corp. awaits market upturn

AT THE AGM of Davy Corporation the chairman stated that the overriding and continuing problem remained in the market situation.

The hoped-for recovery had yet to occur, and as a result the orders received for first five months of current year did not show much improvement over the depressed level of last year.

He referred to several large contracts the company hoped to win, although the timing was uncertain. In the event the company had received the order from BSC for the Port Talbot bot mill modernisation, but other major projects had been delayed.

The company would continue to reduce costs, but until the market situation improved profits would continue to be depressed, he added.

Mr D. S. Rose, chairman of Wholesale Fittings told the AGM that in his annual statement he announced that sales for the first three months of the current financial year showed an increase compared with the same period last year. This increase had been maintained for the first five months.

Of the two further depots being set up, one at Kingston-upon-Thames would commence trading at the end of this month and it was anticipated that the other, which would bring the total number of outlets to 24 would open early in 1984.

The Victor Products AGM was told by its chairman that his impression that prospects were good was still perfectly valid, but the first half of this year would be affected by the quiet start, and particularly by low level of NCB orders which had persisted longer than the company had anticipated.

Coupled with the fact that upturn in the economy seemed less buoyant than it did two months ago, the board were now a little less optimistic than before.

At the Haslemere Estates' AGM Mr David Pickford said: "We are told that there is virtually no demand for industrial and warehouse space," but in recent months, the company had been "amazingly fortunate" to let a large number of small units and bigger space such as 40,000 sq ft in Leyland, Lancs, and similar space at Harlow, 30,000 sq ft at Welwyn Garden City and many other places, particularly in the South East of England.

"We are encouraged to note that good rents are being paid for good accommodation and there is a substantial demand for the new buildings which we bring on to the market," he added.

There was, therefore, no doubt that when there was an expansion of the economy, the company would experience a great demand for modern offices and prime commercial buildings.

"We see many encouraging signs — our total rent roll for each quarter now totals £4.0m and it is interesting to note that by quarter day last week when the rents were due, we had already received £2.25m. It is encouraging to know that in our present difficult financial climate our tenants are paying quickly," he concluded.

Throgmorton Secured earns and pays more

Pre-tax revenue of the Throgmorton Secured Growth Trust for the year to July 31 1983 was £420,000 compared with £430,000.

After deduction of tax of £127,000 (£148,000) net revenue increased by 3.9 per cent to £293,000 against £282,000.

The final dividend is lifted to 2.175p (2.05p) and raises the year's payout to 2.7875p (2.6625p). Earnings per share are shown as rising from 2.82p to 2.93p.

Over the period the net asset value, taking prior charges at market value, increased by 22.2 per cent from 236.08p per share to 288.46p. Taking prior charges at par the increase was 33.6 per cent from 199.79p to 266.94p.

The cost of dividend payments for the year was £279,000 (£266,000) leaving undistributed revenue of the period of £14,000 (£16,000).

Unappropriated revenue carried forward for the year was £97,000 (£83,000). The company is managed by Throgmorton Investment Management Services.

Transport Dev.

Transport Development Group is backing as a 50 per cent equity partner a new UK express freight company — Independent Express Corporation. The group's initial investment in the company amounts to £500,000.

APPOINTMENTS WANTED

Refined 35-year-old American. New York and California Bar Member. Excellent International. Legal and Public Relations work record. Seeks position in Law, Public Relations, Administration or Personal Attorney and Confidant to Entrepreneur.

Will be in London October 12th to 21st. Call to arrange interview any time on 01-478 4040/01-505 4555 asking for Mr. Leigh.

Accountancy Appointments

Accountancy Appointments

Finance Director

Epsom **c. £30,000**

Responsibility is for the financial control and reporting of a large international firm of consultants. With many prestige projects and staff operating in 40 countries there are complex problems of funds management, and of data collection and control.

The work involves representing the firm, at home and overseas, at the highest level in governments, commerce and the City. The Finance Director will be Company Secretary and responsible for the Administration Department.

The firm employs around 1,650 professional staff with a turnover above £40 million of which over 40% is generated overseas. The range of expertise covers engineering and management consultancy, architecture, and contract R&D among many others.

Candidates must be qualified accountants and company secretaries, and should be aged 35-45. They should be able to show a successful career which includes experianca at a senior level within a professional firm which trades internationally, and with professional engineers as colleagues. An early appointment is desirable since the vacancy is created by the ill-health of the present Finance Director.

Please write, enclosing a full cv, giving details of current remuneration to:

F. Micklethwaite, Chairman, W S Atkins Group Consultants, Woodcote Grove, Ashley Road, Epsom, Surrey, KT18 5BW.

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Oil Services
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The company is part of a US corporation with total turnover well in excess of $2 billion. It operates successfully worldwide providing specialist services to the oil industry. The UK subsidiary acts as a financial, personnel and marketing centre and has specific responsibilities for Europe, Africa, the Middle East and Far East.

Reporting to the local Managing Director, the senior financial representative takes full responsibility for the system of controls over the financial functions. As a member of the local management team, you will also be called upon to be part of tha commercial decision making process.

Candidates will be qualified accountants aged in their 30s. They will have had successful experience since qualifying in accounting and administration in the smaller company.

Exposure to international, multi-company, business activities is essential. The role demands evidence of sound organisational skills. Other requirements include the abilities to establish priorities under pressure and meet them; to become thoroughly immersed in detail yet retain sight of the overview; and to communicate effectively with all levels. Successful performance may lead to opportunities group wide.

Please reply in confidence giving concise career and personal details and quoting Ref. ER644/FT to I.O.Tomisson, Executive Selection

Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young McClelland Moores & Co.
A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

Financial Controller

Bucks **c£18,000**

Our client is a publicly quoted US group involved in manufacturing specialist industrial equipment. The UK operations account for a substantial portion of the group turnover ($60 million US) with a high export content. A remarkable turn around in performance has lifted the UK company out of recession and into a healthy profit-making position.

An A.C.A., aged 30-35, possessing an exceptional academic record is sought to join the finance team. Experience of US accounting procedures and computers is essential for the post holder to:

★ Manage and co-ordinate the company's accounting function
★ Report to, assist and deputise for the Finance Director in all matters, as necessary
★ Review monthly accounts taking corrective action on variances, as required
★ Co-ordinate the reporting and administration of all subsidiary and branch offices throughout Europe

This challenging role requires first class interpersonal skills including staff management ability and for someone with the appropriate qualities, promotion is assured. The negotiable salary package is accompanied by a relocation allowance where appropriate.

Candidates should write to Philip Cartwright, A.C.M.A., enclosing a comprehensive curriculum vitae quoting ref. 947 at P.O. Box 143, 31 Southampton Row, London WC1B 5HY.

Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

Early responsibility for ambitious . . .

YOUNG FINANCIAL MANAGERS

West of London **c.£15,000+Bonus**

Our client is a fast growing marketing and manufacturing division of a major blue-chip group. They are recognised leaders in their field and enjoy a reputation for professional management and product excellence. Continued expansion creates the need for a number of ambitious, young accountants to strengthen its financial team.

Candidates should be graduate, qualified accountants (A.C.A., A.C.M.A., A.C.C.A.) in their mid 20's, with experience gained either within the profession or in a commercial environment, who are seeking to progress their careers rapidly.

These are exceptional opportunities to undertake financial control responsibilities in an extremely dynamic operating environment. The roles are broadly based, and involve not only line management experience but also considerable exposure at divisional director level.

Career prospects are excellent and the salary is backed by generous benefits, including relocation assistance where required.

Ring or write to Heather Male or Judith Richardson at our London office.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Multi-national Operational Review

The Gillette Company **c£12,000 plus attractive benefits**

Gillette is an international market leader in the Consumer Products field with a turnover in excess of $2 billion. Renowned for its quality products and progressive marketing strategy, the group has continued to increase its profits over recent years. Internal re-organisation and promotion have created the need for two Senior Auditors to be based in West London.

Candidates, preferably graduates, will be newly-qualified accountants, or have one year's p.q.e. gained with a large professional firm or in a U.S. multi-national. Age indicator: 24–28. A good knowledge of Spanish or Italian is essential and, if necessary, tuition will be given to gain fluency.

Reporting to the European Manager, these operational audit roles involve reviewing management controls and financial systems with emphasis given to agreeing practical solutions with management. The European travel content is around 30%, therefore flexibility is a key factor.

For ambitious candidates with a positive commercial attitude, career prospects are excellent. The competitive salary is accompanied by a bonus and generous benefits package including five weeks holiday.

Interested candidates should contact Tony Martin, BA, on 01-242 0965, P.O. Box 143, 31 Southampton Row, London WC1B 5HY.

Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

TAX PARTNER/PARTNER DESIGNATE NEWCASTLE UPON TYNE

ACA's 32-40 **£17,500-£30,000+car**

Our client is a major firm of chartered accountants whose expanding practice in Newcastle is seeking to appoint a Tax Partner or Partner Designate to take a leading role in tax practice development.

Whilst clients currently range from wealthy individuals, partnerships and close companies to listed and sizeable private limited companies, the provision of sophisticated personal financial planning advice is seen as a key function with exceptional potential for growth. Candidates should therefore have proven expertise in this field but those with mixed personal and corporate tax skills will be welcomed.

The salary range is geared to attract existing managers in medium or large firms' tax departments and existing partners seeking a fresh challenge for their skills. Managers may expect partnership within two years.

For a detailed information handout on this appointment, please contact George Ormrod BA (Oxon) on 01-836 9501 or write with CV to Douglas Llambias Associates Ltd at our London address quoting reference No. 4172.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
3 Coates Place, Edinburgh EH3 7AA. Tal: 031-225 7744

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Management Consultancy

Finance & Accounting

£14,000-£20,000 +Car

London based

We are the management consulting arm of Thornton Baker, a major firm of accountants in the UK with 60 offices and some 2700 staff. We are part of the worldwide practice of Grant Thornton International, which has a network of offices in over 50 countries.

Our consultancy practice is expanding rapidly and we need a number of professionally qualified accountants, preferably with university degrees. We are looking for top calibre candidates at two levels:

Senior Consultants aged 30 to 40 to lead the expansion of our practice. They will have had senior operational experience in industry or commerce and have the ability to use that experience in advising top management on financial and management matters.

These are senior positions which due to our rapid growth offer significant career opportunities.

Junior Consultants to form the basis of our longer term development. They will be in the 27-30 age range and after qualifying will have had first class experience of operating industrial and commercial accounting systems. They will have the potential for rapid promotion, be able to work quickly, think imaginatively, and communicate effectively with top management.

Career development prospects are excellent.

Please send concise personal, career and salary details and day-time telephone number, quoting ref: WSG 111, to W.S. Gilliland, Executive Selection Division.

Thornton Baker Associates Limited, Fairfax House, Fulwood Place, London WC1V 6DW.

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

RATE £31.50 PER SINGLE COLUMN CENTIMETRE

Financial Director

Manufacturing **N. London**

c. £25,000 + Profit Share + Car

Our clients, a rapidly expanding and successful private company, leaders in consumer disposable products selling to most major supermarkets, with turnover in excess of £12 million, require a Financial Director to join their Board.

Your primary brief will be to take overall financial control to further improve profitability. With fellow Directors you will also concentrate on business development, including new project evaluation and formation of subsidiaries.

A qualified Accountant, probably in your 30's, your proven track record should include evidence of energetic positive leadership in financial control in manufacturing industry, with detailed understanding of modern computerised management systems.

Please submit full career and personal details to Ref. P84,
KIDSONS ASSOCIATES, COLUMBIA HOUSE, 69 ALDWYCH, LONDON, WC2B 4DY.

Kidsons
Associates
Management Consultants

FINANCE DIRECTOR

Designate

This PUBLIC GROUP with good profits record offers an opportunity for financial responsibility plus full involvement with the MANAGING DIRECTOR in all development matters. The company is partly computerised and further development is envisaged.

A formal qualification is required as is a good knowledge of the controls needed for a multi-branch retail organisation. Likely age is 32-45.

Salary negotiable from £16,000 plus car.

Please reply in writing by 13th October to:
Terry Millikan at
Chesham House, 136 Regent St.,
London W1R 5FA
enclosing your Curriculum Vitae

DRAKE PERSONNEL EXECUTIVE DIVISION

MERCHANT BANKING **CITY**

to £17,750 + Bank Benefits

Our clients, among the leading merchant banks seek outstanding graduate ACAs with "Big 8" training, for positions in: Corporate Finance, Financial Management Accounting, Financial Analysis and Audit.

INTERNATIONAL TROUBLE SHOOTER **LONDON BASE**

neg. c. £16,000

Large U.S. computer company seeks young ACAs or ACCA/ACMAs with relevant experience to join travelling finance support team. Good/fluent French, German or Spanish desirable.

FINANCIAL EXECUTIVE **W.1.**

c. £13,000

Fast growing financial services group seeks recently qualified ACA, age 23-30, to play crucial expanding role as part of the key management team.

FINANCIAL MANAGER **GREENFORD**

c. £12,000

UK subsidiary of £350m t/o FMCG group seeks qualified ACMA aged 23-30 for full control of accounting function. Genuine prospects to succeed the MD in 2/3 years.

Write or telephone Barry C. Skates

ACCOUNTANCY APPOINTMENTS EUROPE
1/3 MORTIMER STREET, LONDON W.1.
TEL: 01-637 5277 (12 LINES)

Accountancy Appointments

Ambitious ACA–2 years banking experience...
Head of Accounting

Major US Bank — **c£16,000+1st Class Benefits**

Our client, the capital markets' subsidiary of a major worldwide bank, is one of the largest managers and underwriters of international corporate finance. It is distinguished by its reputation for innovation and creativity.

This position, reporting to the Controller, assumes responsibility for the accounting function, with broader involvement in financial analysis and planning. The environment is a particularly complex one, and a range of 'ad-hoc' problems covering tax, reporting and accounting form an integral part of the role. There is also considerable contact with banking and trading areas.

Candidates should be qualified accountants (pref. ACA) with around two years experience out of the profession in a banking environment, preferably with some exposure to capital markets. Emphasis is placed on a combination of technical and communicative skills. Ambitious candidates will enter a worldwide banking network with considerable career scope.

Interested candidates should contact Kevin Byrne on 01-242 0965 or 01-639 3209 (this evening) or write to him at Banking and Finance Division, Michael Page Partnership, PO Box 143, 31 Southampton Row, London WC1B 5HY.

MP
Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Leeds Glasgow

Manager-Internal Audit

Herts — ***c.£17,500+excellent benefits***

Our client, the Provident Mutual Life Assurance Association, is one of the country's leading life insurance companies. Operating highly sophisticated computerised systems in a rapidly changing market, the Association has a constant requirement to review the effectiveness of its accounting and operating systems. The Manager – Internal Audit is responsible for conducting these high level reviews and the Association is currently seeking to fill this position.

Reporting to the General Manager, the job holder will be accountable for the operation and management of the Internal Audit Section and will carry out company-wide reviews of the soundness and adequacy of internal controls. Operating at the most senior levels, the Manager – Internal Audit will be expected to make a positive and distinctive contribution to the work of the Association. The breadth of experience gained will provide opportunities to further develop a career beyond the Internal Audit function.

Candidates should be qualified, graduate accountants with an understanding of computer auditing techniques. Pre or post qualification experience with a major accountancy firm will be sought and candidates are likely to be aged over 27. Well developed communication skills, both written and verbal, will be essential and applicants should demonstrate a positive approach coupled with a determination to be professional at all times.

The Association can offer an excellent remuneration package, including a non-contributory pension scheme, subsidised BUPA, low cost mortgage facilities and assistance with relocation to an attractive part of Hertfordshire.

Candidates, male or female, should request an application form from Michael Andrews, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.
Please quote reference MCS/7125.

Price Waterhouse Associates

Management Accountant
International Accounting in a High Technology Environment

Racal-Redac Limited is the world's leading supplier of Computer Aided Design and Engineering Systems for the Electronics Industry.

The finance function performs an important role in the operation of our International Business and due to our continued growth, we are seeking to appoint a qualified Management Accountant. Responsibilities will include the defioitioo and introduction of information reporting and control systems to assist in the general management of the business.

This position represents a key role within Racal-Redac's maoagement team and we are seeking to appoint an Accouotant who has provided financial information and advice in a fast moving, and dynamic environment, preferably within a High Technology Company. It is unlikely that Accountants under the age of 30 will have the experience required for this position.

Commencing salary and employment benefits are commensurate with the seniority of this positioo and will include, (in appropriate cases), relocation assistance to our attractive Gloucestershire location.

If you would like to join and make a unique contribution to our company, where career progression is based on personal ability, please apply in writing giviog details of age, qualifications and experience or telephone for further informatioo to:
Briao Ashcroft,
Seoior Personnel Officer,
Racal-Redac Limited,
Newtown, Tewkesbury, Glos.
Tel: (0684) 294161

RACAL
World leaders in electronics

National & Provincial Building Society
FINANCIAL MANAGER

Succession planning has created an opportunity for a broadly experienced finance professional (male/female) to join the Senior Management team of the sixth largest building society, newly created as a result of merger.

The appointment initially will be at Assistant General Manager level and the specific responsibilities will be shaped to suit the precise experience of the successful candidate. Prospects for promotion to General Manager (Finance) reporting to the Chief Executive will be excellent for a person able to prove ability in the first two/three years with the Society.

Applicants will be:
- Professionally qualified (FCA or similar) preferably with a University Degree.
- Aged around 40
- Experienced in all aspects of forward thinking finance and accounting activity with at least 10 years in senior positions, preferably in more than one organisation.
- Able to demonstrate business acumen with independence of judgement, clear reasoning ability, good communication skills and team working effectiveness.
- Used to reporting to a Board of Directors.

Based in Bradford, with easy access to Herriott country, the position offers a salary of at least £22,000 with car, concessionary mortgage, BUPA, and first class contributory pension plan and life insurance.

Applicants should write and enclose a detailed curriculum vitae in confidence to: T. Coldicott, Corporate Consulting Group, 24 Buckingham Gate, London SW1.

CCG
Corporate Consulting Group

ASSISTANT FINANCIAL CONTROLLER
QUALITY RESIDENTIAL DEVELOPMENT
JEDDAH, SAUDI ARABIA

Arabian Homes is the standard bearer for traditionally built executive housing in the Kingdom. Over 1000 homes have been constructed to date and the estate management portfolio extends even beyond these.
Sound policy appraisal combined with careful organisation structure has yielded progressive development that will require further financial expertise if this growth is to be maintained. For the first time we approach an expansion phase that will penetrate beyond the Kingdoms' boundaries.
For this position the successful candidate will offer extensive financial accounting experience to include the preparation of audited financial statements, and will have worked in an industrial/commercial environment for at least the last 18 months, preferably in the building or real estate sectors. Experience on computer based systems covering budgeting and management reporting would be desirable.
Reporting to the Financial Controller the successful candidate will ultimately be responsible for the following areas:-
Assisting in preparation of audited financial statements; Liaison with auditors; Preparation of quarterly management accounts; Recommending and installing a new computerised accounting system; Assisting in the formation of accounting policies and practices.
– The ideal candidate will be single, aged 25–30, a university graduate, and have qualified as ACA or ACMA within the last 3 years.
– The emoluments package offered includes:
Salary of SR 100,000 per annum (currently equates to £18,900 Sterling).
Plus car plus accommodation plus 49 days leave plus local holidays.
Plus 2 return air fares to UK per annum.
Please send CV's to: Mr R Burton, Skybridge Personnel & Management Services Ltd., 62 Foxhall Road, Didcot, Oxfordshire OX11 7BG.

SKYBRIDGE

Young Financial Professionals
Two key positions in a challenging commercial environment.

£10-£13,000 pa — **MID KENT**

The sustained growth of Kimberly-Clark is proof of our success as one of the world's major manufacturers of disposable paper products, with household names like Kleenex*, Kotex* and Kimwipes*. Further to re-organisation we now need to strengthen our finance function by developing our medium and long-term treasury management whilst at the same time maintaining the financial service to our Marketing Divisions. To implement this we are now looking for:

Senior Financial Analyst — Industrial Marketing

You will be expected to provide a full financial service for marketing management, including the preparation of short and long-term financial plans; evaluation of capital projects; appraisal of the financial/business impact of proposed new products; advice on pricing; providing financial information to assist in the running of the business and undertaking ad-hoc projects.

To have achieved the necessary experience, you will probably be between 26 and 32 and have already obtained a substantial financial role with some exposure to marketing management. Naturally you will have a degree plus an accountancy or business school qualification, but above all we will be looking for the personal maturity that can reconcile divisional objectives and judgements with the needs of the company, and win the confidence of both marketing and financial management.

Senior Analyst — Financial Planning & Reporting

We see a strong treasury involvement in this appointment. Major responsibilities will include direct involvement in developing alternative financing and tax plans for the company; negotiating bank facilities and leases; improving our forecasting of cash and foreign exchange exposure and undertaking projects of a treasury nature. You will also have general involvement in all areas of the section's planning and reporting work.

Again we are looking for a graduate with a business or accountancy qualification, aged around 25-30, who will be expected to make a major contribution to the company's cash flow and net income, and who is interested in developing skills in treasury activities and linking them to other functions throughout the company.

Success in these roles will provide career development within finance or other business disciplines within Kimberly-Clark.

In addition to salaries quoted, we also offer a wide range of benefits which include free BUPA and a generous relocation package to this attractive part of rural mid-Kent.

If you are interested in these positions, please send a copy of your c.v. or telephone for an application form to Jan Mintram, Senior Personnel Officer, Kimberly-Clark Limited, Larkfield, Maidstone, Kent ME20 7PS.
Tel: Maidstone 77700 ext. 4164.

Registered Trade Mark of the Kimberly-Clark Corporation.

Kimberly-Clark.

SAFETY-KLEEN PARTS WASHER SERVICE LTD.
(a subsidiary of the SAFETY-KLEEN CORPORATION of America)
require a
FINANCIAL CONTROLLER
in their Head Office in Middlesex

The principal business of this world-wide organisation is to provide a parts cleaning service directly to customers in the automotive, industrial and related markets.
The person required will have a sound financial business background, be ready to assume the responsibility of directing a financial/accounting team; be totally familiar with U.K. and U.S. computerised financial reporting procedures, have worked in a multi-branch type service business and have the potential to assume additional management responsibilities.
The successful candidate will receive an excellent remuneration package in keeping with the requirements of this management position, in a dynamic, expanding and diversifying organisation.
If you wish to be considered, in the first instance send a C.V. to Mr. J. Hyde, indicating your present position, responsibilities and accomplishments to date.

Safety-Kleen
Parts Washer Service Limited,
Box 14, Worton Hall, Worton Road,
Isleworth, Middlesex TW7 6ER.
Telephone: 01-568 7084. Telex: 934728
safety-kleen® The parts cleaning service people

QUALIFIED ACCOUNTANT
HIGSON PING

Consultancy Services

c£12-13,000 plus car — Surrey

Our client is a major UK Company with many manufacturing locations in this country.

A management services vacancy has arisen based at head office that will interest an ambitious and qualified Accountant (ACA, ACMA or ACCA) of graduate calibre.

This very interesting and unusual job entails the review of management systems and procedures across all the functions of the Company and calls for a person of tact and analytical skills. It will appeal to those who enjoy working on oew problems and unfamiliar situations.

Candidate, male or female, will be aged 27-33 and have some industrial experieoce.

Benefits are very attractive and prospects excellent.

Please contact A. Higson, quoting reference H1664 or telephooe for a personal history form.

Higson Ping Ltd./Executive Recruitment Consultants.
110 Jermyn Street, London SW1Y 6HB.
Telephone: 01-930 4196 (24 hour answering service).

CONTRACTS AND TENDERS

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE SONATRACH
(Sonatrach National Company)

NOTICE OF NATIONAL AND INTERNATIONAL CALL FOR TENDERS

The "Direction Production" (Production Directorate) is launching a national and international Call for Tenders for the supply of:

COMPLETE BLOW-OUT HEADS

This Call for Tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, etc in conformity with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade

Tenderers interested in this Call for Tenders may obtain the specifications, either directly or through their Embassy, from SONATRACH, Direction Production (Production Directorate), 8 Chemin du Reservoir, Hydra, Alger (Algiers), Departement Approvisionnement et Transports (Supplies and Transport Department) — with effect from the date on which this Notice is published, in return for payment of the sum of 200 DA.

Offers, of which 12 copies should be prepared, must be sent in a double sealed envelope, by registered post. The outer envelope should not bear any mark which might identify the tenderer, stating simply "APPEL D'OFFRES NATIONAL ET INTERNATIONAL NO. 010/83/DAT/PRD — A NE PAS OUVRIR CONFIDENTIEL" (NATIONAL AND INTERNATIONAL CALL FOR TENDERS NO. 010/83/DAT/PRD — DO NOT OPEN, CONFIDENTIAL). Tenders must be received within 40 days from the date on which the present notice is published.

Any tender arriving after this date will be considered null and void. Selection will be made within 180 days from the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE SONATRACH
(Sonatrach National Company)

NOTICE OF NATIONAL AND INTERNATIONAL CALL FOR TENDERS

The "Direction Production" (Production Directorate) is launching a national and international Call for Tenders for the supply of:

REDUCED SLEEVES*

This Call for Tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, etc in conformity with the provisions of Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade

Tenderers interested in this Call for Tenders may obtain the specifications, either directly or through their Embassy, from SONATRACH, Direction Production (Production Directorate), 8 Chemin du Reservoir, Hydra, Alger (Algiers), Departement Approvisionnement et Transports (Supplies and Transport Department) — with effect from the date on which this Notice is published, in return for payment of the sum of 200 DA.

Offers, of which 12 copies should be prepared, must be sent in a double sealed envelope, by registered post. The outer envelope should not bear any mark which might identify the tenderer, stating simply "APPEL D'OFFRES NATIONAL ET INTERNATIONAL NO. 009/83/DAT/PRD — A NE PAS OUVRIR CONFIDENTIEL" (NATIONAL AND INTERNATIONAL CALL FOR TENDERS NO. 009/83/DAT/PRD — DO NOT OPEN, CONFIDENTIAL). Tenders must be received within 40 days from the date on which the present notice is published.

Any tender arriving after this date will be considered null and void. Selection will be made within 180 days from the closing date of this Call for Tenders.

OIL AND NATURAL GAS COMMISSION
DEPARTMENT OF MATERIALS MANAGEMENT

Gram: Cometore
Telex: 595/255

Tel Bhavan
Dehra Dun

TENDER NOTICE

Oil and Natural Gas Commission, Tel Bhavan, Dehra Dun, invites sealed tenders for the import of items specified below:

Sl. No.	Tender No.	Brief description of store	Estimated Cost in lakhs	Date of receipt of tender up to 1400 hrs	Date of opening of tender up to 1500 hrs	Tender fee in U.S.$	validity Rep.
1.	MAT/MMP/E-N/4(285)83.	CBL Tools	12.90	16.11.83	16.11.83	25/-	14.2.84

1. The cost of tender documents is mentioned against above tender. The Indian Agents authorised by their Foreign principal/suppliers in India may purchase these tender documents on payment of Cost Rs.250/- against U.S.$25/- through crossed Indian Postal Order/Bank Draft in the name of Oil & Natural Gas Commission in Indian Currency for forwarding them to their foreign supplier abroad.
2. Such foreign suppliers shall remit the cost of tender documents in U.S.$ through a Bank Draft drawn in favour of the Oil & Natural Gas Commission along with their offer. Tender received from foreign supplier without compliance of above instructions shall be rejected.
3. The cost of Tender paid to the Commission by authorised agents for obtaining tender documents for their principals is reimbursable provided the offer from foreign supplier is received by this office as per instruction mentioned herein before.

The commencement of sale of tender documents will start from the date of publication. No documents will be sold on or after closing date of the tender.

The tender will be received up to 14.00 hrs. and opened at 15.00 hrs. on the date mentioned above.

The tender documents will be available from our following offices and will be issued between 1400 hrs. and 1500 hrs. on all working days.

1. The Officer-in-Charge (T&S), ONGC, Asia Publishing House, Calicut Street, Ballard Estate, Bombay.
2. Sr.Dy.Director (S&P), ONGC, 50 Chowringhee Road, Calcutta.
3. Sr.Dy.Director (S&P), ONGC, 6th Floor, Kailash, 26-Kasturba Gandhi Marg, New Delhi 110 001.
4. Dy.Director (S&P), ONGC, PMC Section, Dept. of MM, Tel Bhavan, Dehra Dun.
5. Dy. Director (S&P), ONGC, Madras Forward Base, CSI Building, 225 Cathdral Road, Madras - 600 086.

Sealed tenders in triplicate subscribing Tender No. Closing/Opening date on the envelope should be addressed to the General Manager (MM), Department of Materials Management, Tel Bhavan, Dehra Dun, so as to reach by the scheduled closing date and time.

N.B.
1. ONGC reserves the right to reject any/all bids without assigning any reason whatsoever.
2. Bids or modification to bids received after the opening date shall not be considered.
3. Director offer from the foreign supplier will only be considered.

ART GALLERIES

BROWSE & DARBY, 19, Cork St., W1. 01-734 7984. MATTHEW SMITH — PAINTINGS until Oct. 22.

THE CLARENDON GALLERY, 8, Vigo St. 01-439 4557. Jointly with THE PARKIN GALLERY, 11 Motcomb St., SW1. 01-235 8144. "ARTISTS OF THE YELLOW BOOK AND THE CIRCLE OF OSCAR WILDE." 5 Oct.-31 Oct. Clarendon Gallery: 5 Oct.-5 Nov. Parkin Gallery.

RICHARD GREEN, 4, New Bond St., W1. 01-499 5487. AN AUTUMN MISCELLANY EXHIBITION OF 18th & 19th CENTURY PRINTS. 3 October-2 November. Weekdays 10-6, Sats. 10-12.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 a.m. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

EDUCATIONAL

CUT THIS OUT TO LEARN FRENCH

Céran, a château in the Belgian Ardennes where you learn and live in French. Small groups and private lessons, with tailor-made programmes for individual needs, ensure real progress. Good food, good company, good teachers. Come and learn, and enjoy yourself. We teach private people, companies, embassies, EEC, SHAPE etc.

For complete documentation, send this coupon or phone:
I am interested in courses for: ☐ Adults ☐ Young People ☐ Private ☐ Business

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COMPANY
ADDRESS

CERAN
166, Avenue du Château, Nivezé, B-4880 Spa, Belgium. Tel: 087/77 39 16. Telex 49650

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Thursday October 6 1983

London fund managers urge commission change soon, Page 40

WALL STREET

Industrials move into spotlight

ADVANCES resumed after a dull start on Wall Street yesterday with high technology, motor and airline issues on centre stage as buyers were active in a wide range of industrial stocks, *writes Terry Byland in New York.*

Leading stocks soared ahead in the final hour of trading. The Dow Jones Industrial average closed 13.51 points higher at 1,250.20 only ten points below the new peak established recently.

Turnover showed a significant increase to 102m shares while share gains of 998 exceeded losses of 596, indicating that over the broader range of the market, profit taking continued.

The bond market opened higher behind a fall in the Federal Funds rate to 9¼ per cent and, spurred on later by reportedly favourable comments on the outlook for the Federal deficit by Mr Donald Regan, the Treasury Secretary, closed strongly. The key long bond was quoted at 105 19/32 a gain of 12/32 overnight.

Utility stocks continued to benefit from the hope that both domestic inflation and interest rates will continue to ease, and reached their highest levels for the past four years.

One reason for the sluggish start in industrial stocks was an initial fall of $¾ in IBM, the market bellwether. But the computer monarch soon attracted buyers again and at $131⅛, a net $1¼ higher, established a new peak and helped pull the best of the market ahead.

Demand for IBM and similar high quality stocks indicates a favourable view of the market by the managers of the big investment funds.

Airline issues benefited from the latest round of reports on passenger traffic in September. Delta, which chalked up a 10 per cent gain in passenger miles last month, jumped $2¼ to $37½. Eastern added $¼ to $6⅛ on hopes that wage cuts would be achieved while American, the most favoured of the domestic carriers, rose $1 to $30. Pan American, the transatlantic carrier which also increased traffic in September, gained $¼ to $7⅝.

The terms from Bank of Montreal for Harris Bankcorp confirmed market expectations and shares in Harris reopened at $72¼, a gain of $3 from the pre-suspension price.

Competition among the personal computer makers continued to move the share sector. Wang jumped $1⅛ to $35⅞ and headed the active list on the American Stock Exchange despite a warning from the board that sales of its new computer will play a minor role in the current year.

Digital Equipment, with its Rainbow 100 model vulnerable to competition from the new Wang product, fell sharply, at $102, Digital was $3¼ down yesterday after a recent peak of $132⅛.

Tandy, operator of the Radio Shack retail outlets for small computers, added $1⅛ to $39⅛. Toys R Us gained $1⅛ to $46⅞, recovering from recent fears that Christmas sales of home computers might fall.

Two prospective rivals in the business for long-distance telephone charges moved up again – AT & T adding $½ to $65½ and NCR $3 to $130.

Other major industrials to record gains included GM, $⅝ higher at $75; Chrysler $⅝ up at $30⅞; 3M, $2¼ to $85½; and Union Carbide, $1 to $68.

Treasury Bill yields shed seven basis points, putting the three-month bill at a discount of 8.58 per cent.

In municipals, the chief feature was the renegotiation on more favourable terms of $550m New York City notes, reflecting a substantial wave of support from banks and short-term funds attracted by an improved rating for the notes compared with previous New York instruments. Other municipals improved, but the corporate bond sector remained quiet.

KEY MARKET MONITORS

STOCK MARKET INDICES

	Oct 5	Previous	Year ago
NEW YORK			
DJ Industrials	1250.20	1236.69	907.19
DJ Transport	578.44	568.08	363.61
DJ Utilities	138.82	136.80	116.05
S&P Composite	167.74	166.27	121.96
LONDON			
FT Ind Ord	707.8	708.2	582.5
FT-A All-share	443.91	445.39	361.64
FT-A 500	482.79	484.36	403.88
FT-A Ind	437.07	436.94	378.48
FT Gold mines	544.8	556.8	371.2
FT Govt secs	82.03	81.71	79.80
TOKYO			
Nikkei-Dow	9491.93	9424.34	6932.12
Tokyo SE	695.73	690.51	521.43
AUSTRALIA			
All Ord.	702.3	697.4	496.2
Metals & Mins.	543.1	536.0	387.5
AUSTRIA			
Credit Aktien	55.04	55.11	47.70
BELGIUM			
Belgian SE	129.87	130.89	100.33
CANADA			
Toronto Composite	2478.7	2474.0	1583.05
Montreal Industrials	441.67	442.73	289.92
Combined	420.19	420.34	275.06
DENMARK			
Copenhagen SE	195.92	195.7	90.37
FRANCE			
CAC Gen	139.0	139.5	98.4
Ind. Tendance	147.5	148.5	114.1
WEST GERMANY			
FAZ-Aktien	320.42	317.38	234.87
Commerzbank	951.3	941.5	711.1
HONG KONG			
Hang Seng	717.68	690.06	881.96
ITALY			
Banca Comm.	192.46	192.11	160.16
NETHERLANDS			
ANP-CBS Gen	141.3	142.1	87.1
ANP-CBS Ind	118.2	116.5	68.7
NORWAY			
Oslo SE	208.03	204.66	101.85
SINGAPORE			
Straits Times	931.08	953.44	652.52
SOUTH AFRICA			
Golds	760.4	748.1	675.1
Industrials	932.5	939.1	685.4
SPAIN			
Madrid SE	116.97	116.4	99.74
SWEDEN			
J & P	1450.0	1433.69	657.57
SWITZERLAND			
Swiss Bank Ind	336.6	335.1	295.1
WORLD	Oct 4	Prev	Yr ago
Capital Int'l	180.2	180.2	132.6

GOLD (per ounce)

	Oct 5	Prev
London	$392.875	$394.375
Frankfurt	$389.00	$394.00
Zurich	$389.50	$394.50
Paris (fixing)	n/a	$395.55
Luxembourg (fixing)	$388.25	$392.50
New York (Oct)	$397.20	$393.60

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Oct 5	U.S. DOLLAR Previous	STERLING Oct 5	STERLING Previous
$	–	–	1.4865	1.475
DM	2.6	2.625	3.8675	3.875
Yen	233.25	233.95	347.0	345.25
FFr	7.945	8.0075	11.81	11.81
SwFr	2.103	2.115	3.13	3.1225
Guilder	2.916	2.940	4.335	4.3375
Lira	1575.25	1582.50	2341.5	2348.5
BFr	52.96	53.45	78.75	78.85
C$	1.23125	1.23275	1.8295	1.8175

INTEREST RATES

	Oct 5	Prev
Euro-currencies (three month offered rate)		
£	9 7/16	9½
SwFr	4	4
DM	5⅞	5⅞
FFr	15	14¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 9/16	9½
6-month U.S.$	9 11/16	9⅝
U.S. Fed Funds	9⅛	9 5/16
U.S. 3-month CDs	9.05	9.30
U.S. 3-month T-bills	8.52	8.65

U.S BONDS

Treasury	Oct 5 Price	Oct 5 Yield	Prev Price	Prev Yield
10⅞ 1985	100 27/32	10.37	100 21/32	10.47
11⅛ 1990	101 3/32	11.26	100 14/32	11.37
11⅞ 1993	103 13/32	11.29	102 22/32	11.40
12 2013	105 1/32	11.35	104 21/32	11.44
Corporate				
AT & T				
10⅜ June 1990	95*	11.45*	69½	10.25
3⅞ July 1990	69¾*	10.20*	69½	10.25
8¾ May 2000	77⅛*	11.95*	76⅝	12
Xerox				
10⅞ March 1993	94*	11.70*	69½	10.25
Diamond Shamrock				
10⅜ May 1993	92⅝*	11.90*	69½	10.25
Federated Dept Stores				
10⅜ May 2013	88.531*	12.05*	88.174	12.10
Abbot Lab				
11.8 Feb 2013	98.347*	12.00*	97.951	12.05
Alcoa				
12⅜ Dec 2012	98.021*	12.50*	97.369	12.55

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	73–08	73–09	72–24	72–27
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.26	91.28	91.16	91.18
Certificates of Deposit (IMM) $1m points of 100%				
December	90.56	90.59	90.49	90.55
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.39	90.43	90.37	90.32
20-year National Gilt £50,000 32nds of 100%				
December	107–17	107–24	107–06	107–05

COMMODITIES

(London)	Oct. 5	Prev
Silver (spot fixing)	655.35p	708.60p
Copper (cash)	£965.50	£985.50p
Coffee (Nov)	£1859.50	£1861.00¢
Oil (spot Arabian light)	$28.27	$28.32

EUROPE

Currency strength the key

THE STANDING of European currencies, against each other as well as in relation to the weaker dollar, proved a determinant to the course of stock trading in many centres yesterday – with foreign investors sometimes favouring the relatively more expensive purchases to be made on bourses where the local unit was stronger.

This was particularly true of Frankfurt, where the belief was that the D-Mark still had some way to go. Other well received pointers were a stronger bond market and a capital account turnround into surplus. Active turnover took the Commerzbank index 9.8 higher to 951.3.

Although business tailed off toward the close, Daimler-Benz gained DM 5 to DM 585, stores leader Kaufhof put on DM 7 to DM 248 and energy issue RWE jumped DM 5.50 to DM 176.50.

A strong endorsement from a London broker that West German engineering remains strongly placed helped give that sector the best of the gains. Linde rose DM 8 to DM 392, KHD DM 8 to DM 284 and Mannesmann DM 3.50 to DM 137.

Steelmakers Thyssen, up DM 4.20 to DM 76.20, and Krupp, DM 3 ahead at DM 78, were sought despite a rebuff of their state aid requests. The two plan to merge.

The Bundesbank was able to sell DM 74.4m of paper into the bond market, as public sector prices gained between a quarter and a half-point.

Dutch internationals, often adversely affected by a weak dollar, were neglected as Amsterdam attention turned to publishers and insurers on heavy foreign buying. Elsevier jumped Fl 8 to Fl 420 after touching Fl 424, and VNU improved Fl 2.90 to Fl 121.80. In the insurance sector Amev was Fl 2.30 higher at Fl 136.10.

Fixing of the French franc at another record low against the D-Mark gave Paris an easier bias, unmoved by official assurances that this was no cause for concern. Foods and stores were among better features.

Creusot-Loire, the engineering group undergoing a financial rescue, shed a further FFr 4 to FFr 57 and Schneider, its parent, slid FFr 8.50 to FFr 93.20.

With the Belgian franc also set at a low against the D-Mark, blamed on sales of the currency by France, a Brussels decline showed holding company Sofina BFr 150 down at BFr 5,110 and Petrofina in oils off BFr 120 at BFr 5,800.

Stockholm rallied after no surprise measures were unveiled to parliament in tandem with the controversial wage-earner funds. Volume remained light.

AGA, which is to acquire the gas division of Norgas for some NKr 350m, advanced SKr 4 to SKr 350. Oslo drew strength from the 1984 Norwegian budget which foresees a wider deficit but a curb on inflation: Norsk Data gained NKr 11 to NKr 249 and Christiania Bank NKr 5 to NKr 136.

Weakness among Zurich bank stocks included a SwFr 40 fall for Union Bank at SwFr 3,100 on news of a possible leak detailing illegal French accounts. Foreign demand helped lift Ciba-Geigy SwFr 20 to SwFr 2,090.

The softer dollar boosted domestic bonds, with the new 4¾ per cent Canton of Zurich issue holding its issue price of 101 in large volume.

Thin Milan trading was featured by Immobiliare Roma, the property group expected to be acquired by Eurogest. It surged L70.5 to L880. A capital operation in prospect at Assicurazioni Milano took it L700 higher to L17,510. Bonds were quieter and mixed.

Expectations in Madrid of a petrol price rise took Petroleos Pta 4.50 higher at Pta 88 as a cautious upturn began.

CANADA

WEAKNESS in oil and gas issues depressed Toronto yesterday by midsession.

Gulf Canada fell an early C$1 to C$17½, Dome Petroleum slipped 10 cents to C$4.80 while Imperial Oil A retreated C$1¼ to C$37.

TOKYO

Yen revival lights up electricals

A SHARP advance by the yen against the U.S. dollar and the overnight rally on Wall Street encouraged investors in Tokyo yesterday, with the Nikkei-Dow average temporarily surpassing the 9,500 mark for the first time, *writes Shigeo Nishiwaki of Jiji press.*

But share prices turned somewhat downward in the afternoon as a more cautious mood set in, and the 225-issue market indicator finished the day at 9,491.93 – still up 67.59 at an all-time high closing level.

About 338.64m shares changed hands against the 240.20m of the previous day. Gains outpaced losses 362 to 296, with 179 issues unchanged.

Investors selected issues which would benefit from a higher yen as the currency revived to Y231 to the dollar at one point. Their chief targets were blue-chip light electricals, which were expected to suffer a drop in competitiveness in export markets but to reap exchange gains.

Sony shot up Y110 to Y3,860 and Matsushita Electric Industrial Y60 to Y1,780. Hitachi advanced Y12 to Y912.

Fuji Photo Film gained Y30 to Y2,420, Toyota Y10 to Y1,260 and Honda Y31 to Y974, apparently on buying by south-east Asian investors and resident foreigners.

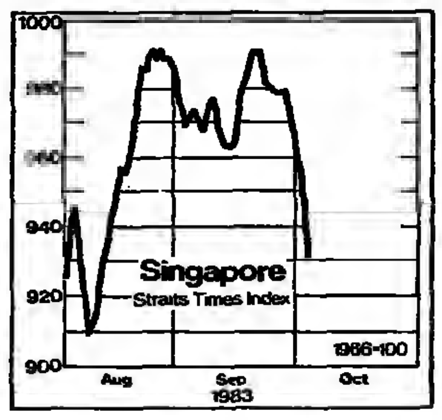
Cheaper crude oil and pulp, resulting from the yen's advance, moved investors to buy oil, power and paper issues, Nippon Oil rose Y30 to Y1,220, Maruzen Oil Y8 to Y425, Tokyo Electric Power Y80 to Y1,120 and Honshu Paper – volume leader on 13m shares – gained Y32 to Y290.

The Bank of Japan later ruled out any immediate cut in the discount rate from its present 5½ per cent, however.

But Toyama Chemical, which is alleged to have illegally obtained data on another pharmaceutical company's new drugs, faced a barrage of sell orders. It plunged Y68 from the already contracted price of the previous day to Y710. Other drugs were also dull.

Speculative issues like Aoki Construction, Sanko Steamship and Nihon Nosan Kogyo declined.

Buying in the bond market was brisk after Tuesday's rise in yields and the yen's rise. The yield on the barometer 7.5 per cent government bonds maturing in January 1993 eased from 7.69 per cent to 7.66 per cent at one point. Later it rose to 7.68 per cent, as some leading brokerage houses with swollen inventories and smaller securities houses sold for profit.



SINGAPORE

AN INABILITY to follow the upturns in Hong Kong and New York left Singapore's Straits Times industrial index 22.36 down at 931.08 in thin volume.

Oil price uncertainties put Esso S$1.30 down at S$10.30, while a scaling down of Malaysian public works plans knocked Malayan Cement 55 cents lower to S$8.25.

Cold Storage dipped five cents to S$5.25 after reporting higher first-half profits on flat to lower sales. Malayan Banking, with its year-end outcome showing slower growth, shed 60 cents to S$8.95.

HONG KONG

THE FIRST break in a six-day Hong Kong slide enabled the Hang Seng index to regain 27.62 in the half-day session to 717.68 as the local dollar steadied.

Much of the support came from smaller investors and favoured blue chips, leaving turnover quiet ahead of the governor's annual address. Jardine Matheson rose 45 cents to HK$8.35 and Hongkong Land 13 cents to HK$2.40.

Swire Pacific was 60 cents better at HK$11.40 while Cheung kong improved 25 cents to HK$5.95.

LONDON

Leaders slip on thin oil interest

MARKED WEAKNESS in oil shares halted a promising opening by equity leaders, which improved initially on technical considerations linked to Wall Street's first upward movement in six trading sessions, and the FT 30-share index closed 0.4 off at 707.8.

Business volume left a lot to be desired with sentiment also undermined by fears about a growing rights issue queue and the international debt situation; the latter caused further depression in the major clearing banks.

Gilts perked up on sterling's steadier performance. Investors showed interest for the first time in Treasury 9¾ per cent £30-paid convertible 1988 tap stock.

Tuesday's rally in South African gold shares lost momentum on renewed weakness in the gold bullion price. The latter picked up to close well above the day's lowest, as did gold share prices, but the FT Gold Mines index, at 544.8, lost 12 points of Tuesday's 15.2 recovery. *Details, Page 41; Share Information Service Pages 42–43.*

AUSTRALIA

A PARTIAL recovery by Sydney resource issues allowed mining sector leaders to recoup generally less than half of Tuesday's steep falls in line with faltering metal prices.

Bargain-hunting was encouraged by prime rate cuts of a ½ point to ¾ point from the previous 14 per cent. Declines overall still outnumbered advances 150 to 144.

SOUTH AFRICA

THE RALLY in gold shares ended in Johannesburg yesterday and almost all posted losses, partly on the impact of large block offers of high quality stocks from New York, but buyers were difficult to find.

Minings and financials generally mirrored golds

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 38

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27½	15⅛	Vornad			32	6	26	25¾	26	+⅛
12⅝	6	Vulcinc				2	8⅞	8⅞	8⅞	-⅛
70	44⅛	VulcnM	2.44	3.8	16	21	64	64	64	-⅛
W-W-W										
23⅝	17⅞	WICOR	2.14	9.7	6	23	22¼	32	22⅛	+⅛
47	37	WabR	pf4.50	10		z230	45	43½	45	
45⅞	28⅞	Wachov	1.56	3.5	11	47	44	43⅞	44	+⅛
34½	15¼	Wackht	.445	2.0	14	462	23¼	21½	22⅛	-1⅛
11⅞	4⅞	Wainoc				274	6¼	6⅞	6¼	
46⅞	17½	WalMrt	s .14	.3	38	898	42¼	41½	41⅞	+⅛

Continued on Page 44

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

London fund managers favour a quick end to fixed commissions

BY BARRY RILEY, FINANCIAL EDITOR, IN LONDON

BRITAIN's institutional fund managers are almost all looking forward to the abandonment of fixed-commission scales in the London Stock Market. Most favour s "big bang" approach in the fairly near future rather than the protracted phasing-out at present proposed by the stock exchange.

There is, bowever, not quite such unanimity over the possiblo ending of the rigid single-capacity trading system in the London market. An important minority of institutional investors are concerned that the consequences hsve not been thought through.

"Very pleased" and "delighted" are typical comments on the onding of fixed commissions during s series of interviews with fund managsrs in a wide range of institutions including big life insurance offices, nationalised industry pension funds, unit trust groups, merchant banks and independent investment "boutiques."

There is agreement that gilt-edged commissions will drop more dramatically than those on equities. A number of managers point out that stamp duty can be s more important component of equity dealing costs than broker's commission.

There have already been concessions on commissions on big equity trades, notably through "continuation," which allows funds to group together deals with individual firms over three-month periods and so qualify for lower charges.

"Since we were given continustion oo pension funds last year we have saved 40 per cent of the commission bill," says Mr Geoffrey Morley, e leading indepeodent fund manager.

It is recognised that the big funds will have to reassess thoir spproach to tho stockbroking fraternity. "Wo shall have to think whst services we want to retain and how much wo will be prepared to pay for them," says Mr Hugh Jonkins, of the Natiooal Coal Board pensioo scheme.

"We want good research, but maybe only s quarter of what is produced et the moment," says Mr Norman Pilkington, one of Mr Morley's partners.

Not all fund managers are greatly concerned, however. The investment manager of one of the biggest life offices sees commissions as being "at the periphery" of his decision-making, although he admits that he instructs his gilt-edged brokers to pass some of their commission on to equity research specialist firms which be wishes to remunerste.

Nobody seems to want the phasing-out of commissions to drag on until the end of 1986, as has been mooted by tho stock exchange.

"Get it done," is the comment of one manager of a number of pension funds; and s prominent life insurance group investment supremo thinks it should happen before the ond of 1984.

If fixed commissions go, so will singlo capacity in the London market, fund managers are convinced. Some are worried about this but many – perhaps most – are relaxed, especially if they are used to dealing in dual-capacity stock markets overseas.

One insurance man, indeed, would positively welcome the end of single capacity, which he blames for the poor international positioo of London's stock market firms. "It would be playing into tho hands of the foreign-owned investment banks to fight a rearguard action for single capacity," he argues.

In Edinburgh, a spokesman for o leading independent management house points out thet be and his colleagues are used to negotiating commissions in New York. He also remembers that it is only about 10 years since dual capacity existed in the Scottish stock exchange, before tho merger with London.

The investor protection advantages of single capacity are recognised, but alternative safeguards are foreseen. Mr Pilkington is "not in the slightest" concerned about dual capacity, so long as there are enough competitors. Ho looks forward to the arrival of more capital and more liquidity.

The key safeguard in o dual-capacity market will be increased visibility, several fund managers suggest. "You should know which end of the pack you are being dealt," says one, arguing that brokers should make it clear when they were dealing for their own account.

There are some more conservative views, however. "Single capacity is preferable," is one view from the life insurance sector, where another investment chief claims that "four fifths of the fund managers I know are in favour of single capacity."

Mr Jenkins warns against excessive haste. "Wo need to think through the regulatory aspects," he says.

Perhaps the strongest supporter of tho existing single-capacity system is Mr David Hopkinson, chairman of the M and G unit trust group.

"We must keep single capacity because the abuses that we shall have otherwise will lead straight to an SEC (Securities and Exchange Commission)," he protests. This remark contrasts strongly with the suggestioo of s top life office investment manager that the investor protection features of single capacity "could easily be replaced."

Dual capacity is normally defined as broking and market-making under the samo roof, but one Scottish fund manager is critical that the stock exchange has allowed other forms of dual capacity to grow without constraint.

That applies to the combination of corporate finance with broking, for instance. The form of dual capacity, however, which most concerns investment institutions is the linking together of stockbroking and fund management.

"We do not welcome brokers who compete with us," says one life office investment manager, naming Phillips and Drew, probably the leader in this field among the broking community.

He adds, however: "We still deal with Phillips and Drew, because they have services which we value." A number of merchant banks are not so tolerant.

The accusation is that an excessively high commission scale gives stockbrokers an unfair advantage in activities such as pension fund management. Other fund managers, therefore, look forward to o day when the freeing of commissions forces brokers to make competitive charges for running discretionary portfolios.

The pension fund specialist at one of the big broking firms concedes that the changes may force an "unbundling." He accepts that "we cannot negotiate commissions with ourselves."

The relatively small portfolios of private clients may continue to be run on the existing commissions-only basis, but there will have to be specific charges for the big, multi-million-pound portfolios. If not, threatens one life insurance investment manager, "our boys will have the pants off them."

Similar accusations of unfair practices are made by other fund managers against those merchant banks which cream off for their own reward the benefit of aggregating deals and of cootinuation. Their clients receive contract notes from the merchant bank, not from the broking firm thet actually handles tho transactioo.

Rival fund managers speculate whether such backdoor charging practices can survive the opening up of the stock exchange itself. "Our preference is to have everything visible up front," says an independent pension fund manager. "What you see is what you pay."

New optimism on rates boosts turnover

BY NIGEL SPALL

REVIVED OPTIMISM ebout domestic and international interest rates encouraged renewed institutional and public buying of gilt-edged securities last month and was the major factor behind a sharp rise in overall turnover. The number of trading days in September was 22; the same as in August.

Total business increased by more than 50 per cent from August's £17.67bn ($26.06bn) to £26.63bn; the highest level since last November. The Financial Times turnover index for all securities jumped accordingly from 541.4 to 616.1.

Boom trading returned to the gilt-edged sector in which business expanded by s remarkablo £8.19bn, or 66.6 per cent, to £20.47bn; also the highest since November.

Business in short-dated securities soared by £4.85bn, from £5.19bn to £10.04bn – a rise of 93.4 per cent – while trade in the longer-dated and irredeemables expanded by £3.34bn, or 47 per cent, from £7.09bn to £10.43bn.

Tho oumber of bargains transacted in British funds rose in September by 6,240 to 68,645 with an increase of 3,364 to 22,840 in short-dated stocks. Dealings in the longs increased by 2,876 to 45,805.

The Financial Times turnover for all British Government securities jumped to 866.5 compared with August's 520.0; tho all-time high of 1,207.4 was recorded in August 1982.

The increased demand for gilts owed much to the performance of the U.S. economy. Uocertainty remained about the extent of a probable fall in interest rates, and an expected cut in bank base rates failed to materialise before the month's end.

The Financial Times Government Securities index sttained e high for the month of 82.43 oo the 26th but slipped back to close the period 2.65 points up et 81.88.

Equity shares were overshadowed by events in the gilt-edged sector. Heavy institutional funds were tied up in the Government sale of 130m BP shares from the middlo of the month and leading issues drifted back in the absence of investment support.

The Financial Times Industrial Ordinary Index slipped back below 700 and re-crossed it twice to close the month 4.8 points lower on balance at 702.6.

Business in ordinary shares rose from £4.14bn in August to £4.03bn. The number of bargains fell by 33,859 to 360,575, but the average valuo per bargain increased by £1,400 to £11,900.

Gold shares made e thoroughly depressed showing during the month, with the bullion price uncharacteristically failing to respond to unsettling global events. Heavy selling in an unwilling market left the FT Gold Mines index down 97.6 at 581.3.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

HONG KONG

SPAIN

GERMANY

SWEDEN

SINGAPORE

AUSTRIA

JAPAN

BELGIUM/LUXEMBOURG

SWITZERLAND

SOUTH AFRICA

ITALY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xs Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

(**) Saturday Sept 24: Japan Dow 5,314.00, TSE 587.65.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Oils turn weak and undermine sentiment in equities

Gilts quietly firm—Golds lower

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24
Oct 17	Oct 27	Oct 28	Nov 7

* "New-time" dealings may take place from 2.30 am two business days earlier.

Marked weakness in oil shares reversed a promising opening in the equity leaders which had improved initially on technical considerations linked to Wall Street's first upward movement in six trading sessions.

The volume of business again left much to be desired with sentiment again undermined by fears about a growing rights issue queue and the international debt situation; the latter caused further depression in the major clearing banks. Consequently, the more speculative and situation stocks again provided the focal points of interest in equities.

Continuing worries about the outlook for oil prices led to double-figure falls in selected majors with Shell and Ultramar the biggest casualties. BP 200p-paid shares fell to a discount of 8 at 192p before rallying to close a net 4 down at par; similarly, the old shares ended 6 off at 428p, after 422p.

After the previous day's jump of 6 on talk of a bid from Hanson Trust, another good business was transacted in London Brick which touched a high of 97p before closing 2 dearer on balance at 94p. Bowater, another FT index constituent, also improved further on takeover speculation. The FT 30-share index, up 2.4 at 10 am, was showing a net fall of 0.4 three hours later and closed that amount off at 707.8 in sympathy with the uncertainty surrounding the oil market.

Gilts perked up on sterling's steadier performance. Investors showed interest for the first time in Treasury 9¼ per cent £30-paid Convertible 1988 tap stock, but not to the extent of successfully testing the Government Broker who is expected to be a seller if bid at £30¼. Closing gains in other shorts ranged to $\frac{3}{16}$, while improvements in the medium and longer-dated maturities stretched to ½. The FT Government Securities index put on 0.32 to 82.05.

Tuesday's rally in South African Gold shares lost momentum on renewed weakness in the gold bullion price. The latter picked up to close well above the day's lowest. Gold share followed suit but the FT Gold Mines index, at 544.8, lost 12 points of Tuesday's 15.2 recovery.

Lloyds Bank fall

Lloyds Bank suffered on worries about the group's Argentine connections, meeting with above-average selling and falling to 463p before closing a net 18 down at 467p. Although less active, NatWest retreated 17 to 578p and Midland 8 to 402p, but Barclays, recently weak against the trend of other clearers, regained a small early loss to end a penny better on balance at 447p. Bid speculation revived in First National and Finance, which traded briskly up to 61p for a gain of 4½p. Grindlays rose 10 to 153p.

A broker's circular emphasing the group's continuing North American problems put Commercial Union under pressure and the close was 5 down at 160p, after 159p. Elsewhere in Insurances, Hambro Life responded to the interim statement with a rise of 10 to 426p. Eagle Star slipped to 473p but later reverted to the overnight 480p. Among Brokers, Stewart Wrightson, which recently announced talks with Samuel Montagu regarding the latter's possible acquisition of Galbraith Wrightson, advanced 8 to 245p.

Yesterday saw the market debut of Atlantic Computers; the shares, offered for sale by tender at a minimum price of 170p — with a striking price of 230p — got off to a surprisingly good start and moved up swiftly from the opening level of 238p to 245p where they remained for the rest of the session.

Arthur Bell fell 7 to a 1983 low of 128p following a generally lukewarm Press reaction to the preliminary statement and U.S. acquisition plans.

Dealers reported another heavy turnover in London Brick which, despite the managing director's denial of a bid approach, jumped to a 1983 peak of 97p before closing 2 dearer on balance at 94p. Elsewhere in the building sector, Barratt Developments, a dull market since the recent preliminary results, rallied 12 to 200p on talk that the chairman was at a City lunch with brokers. George Wimpey hardened 4 to 117p in sympathy. The 40 per cent interim profits expansion lifted Higgs and Hill 14 to 294p, while further speculative buying left A. Monk up 5 more at 126p. Ibstock Johnsen attracted further support ahead of the interim figures, due on October 18, and touched 163p before closing a net 6 up at 160. UBM moved up 5 to 126p; Norcros now controls 37.3 per cent of the former's equity and the offers and cash alternative have been extended until October 19.

ICI touched 554p on a combination of domestic and foreign buying before settling 4 dearer on balance at 552p. Amersham International firmed 6 to 232p following the annual meeting. Recently dull Brent Chemicals rallied 6 to 86p on talk of a tip in the market. Croda International put on 3 to 94p and the Deferred a penny to 54p; the company has sold its 13.57 per cent stake in Yorkshire Chemicals to various institutions for £1.56m; on Tuesday, Croda sold its synthetic chemical interests to Shell for £14.5m cash. Yorkshire Chemicals rose 5 to 85p.

Kraft rise afresh

Debenhams responded to sporadic interest and firmed a couple of pence to 145p in front of tomorrow's first-half figures. Other major Retailers, on the other hand, hovered around the opening levels reflecting continued lack of investment incentive which again directed interested parties towards second-line issues. House of Lerose dipped 9 to 146p after announcing lower mid-term profits. Renewed hopes of a shell operation again prompted strength in loss-making furniture manufacturers Kraft Productions, which advanced 25 for a three-day gain of 70 at 225p.

First-line Electricals continued their irregular trading pattern. Renewed institutional demand took Plessey up 8 to 224p, but GEC drifted back a few pence further to 192p. Standard Telephones and Cables extended the recent recovery to close 8 higher at 286p, but after-the-event profit-taking, the annual profits were quite dazzling, lowered Amstrad 25 to 450p. 'Take profits' advice brought Ward and Goldstone, up 15 on Tuesday, back 5 to 93p.

GKN were unsettled initially and reacted to 159p, but small support developed at that level which reduced the loss to one of 3 at 161p. Secondary Engineerings provided scattered firm spots in A. Cohen, 335p, R. Cartwright, 102p, and Staveley, 215p, all up around 5. Bullough responded to acquisition news with a rise of 4 to 232p, but Victor Products slipped 5 to 140p. Dealings in Butterfield-Harvey were suspended at 32p, up 4, following news of talks with a view to agreeing terms of a trading arrangement and capital injection.

Brooke Bond found support in Foods and firmed 3 to 74p; last year, the preliminary results were announced on October 18. Bishop's Group rose 20 to 290p and the A 15 to 240p awaiting news of the bid approaches.

Bowater continue rally

The Miscellaneous Industrial leaders followed no set course. Bowater improved 4 more to 214p, while Pilkington picked up 5 at 225. Glaxo, however, surrendered an early gain to close 7 down at 798p and Beecham eased 3 to a low for the year of 312p. Sears, despite a highly favourable Press reception of the interim results managed only a marginal improvement to 83½p, after 85p. Christies International benefited further from the first-half figures to close 8 up at 294p, but Cape Industries, which also reported an impressive half-term statement, fell 5 to 125p. Highgate Optical continued erratically, recovering Tuesday's 11 loss and more to end 13 higher at 128p. Marshall's Universal, interim scheduled for October 19, rose 6 to 60. In line with Hong Kong markets, Swire Pacific A, 91p, and Hutchison Whampoa, 68p, regained 5 and 4 respectively.

Kenning Motor, which had earlier announced three U.S. acquisitions totalling around $13.6m, rose 3 to 107p following the announcement that Kuwaiti Government interests now control almost 14 per cent of the equity.

International Thomson were marked 23 lower to 670p following the announcement of the proposed placing of 7m shares in London to raise around £45m.

Leading Properties drifted easier on occasional small offerings, but secondary issues attracted selective buying which produced several bright spots. Cardiff Property were again in demand on bid hopes and firmed 5 for a three-day gain of 48 to 190p, while Mountview Estates gained 6 to 198p and Dares Estates 2 to 22p, the last-named on talk of a market tip. Dealings in Edenspring were suspended at 10p pending conditional agreement for the acquisition of Oric Products International. Dealings in Thames Investment were also halted, at 80p, up 10, following the suspension of the recording of bargains.

Proceedings among Textiles centred on Sarold Ingrams; dealings, suspended at 300p in mid-August, were resumed following the offer from Wasskoo; the shares opened sharply higher and quickly rose to a peak of 435p before profit-taking left the close at 318p. Elsewhere, speculators returned for Elleuroad Mill which again responded to talk of a possible lucrative site development and spurted to 37p before settling for a net gain of 7 and a two-day rise of 13 at 35p. Albert Martin revealed slightly lower first-half profits and fell 4 to 41p with sentiment unsettled by the gloomy tenor of the chairman's statement.

Among South African industrials, dealings in Checkers were resumed at 275p following details of reorganisation plans including a change of name to Kirsh Trading.

Shippings featured Lyle which remained dull following confirmation of the acquisition of insurance broker Hugh Glasgow and gave up 7 to record a two-day fall of 17 at 140p.

Far-Eastern issues made the running among otherwise subdued Investment Trusts. Crescent Japan were briskly traded and closed 19 up at 644p, while similar gains were seen in G. T. Japan, 664p and TR Pacific Basin, 202p. Montague Boston improved 11 to 115p following a bid approach. Among Financials, Exco International rose 15 in a thin market to 568p following an investment recommendation, while Aitken Hume, similarly treated recently, added 10 more at 202p.

Oils react

Continued concern about an OPEC minister's warning of a collapse in the crude oil price if world stocks were not reduced coupled with the volatility of the North Sea Brent crude oil price on the Rotterdam spot market made for another harrowing session in Oils. The sector displayed widespread and sometimes quite substantial falls. Ultramar were again hard hit, losing 27 for a two-day fall of 40 to 620p, after 610p, while Shell gave up 12 more to 528p. BP new shares moved below the partly-paid minimum tender price of 200p for the first time yesterday and touched 192p before rallying on cheap buying to close 4 lower on balance at 200p; BP old shares shed 6 to 428p, after 422p. Britoil gave up 10 to 220p and LASMO 4 to 293p.

A couple of the speculative exploration issues bucked the trend. Atlantic, down to 485p at one stage, rallied well to close 15 up on balance at 530p. Pict Petroleum hardened 3 for a three-day gain of 21 to 93p.

Golds dip and rally

Golds opened sharply lower yesterday in line with the fall in the bullion price to under $389 and the previous evening's sell-off in New York. Sporadic selling from South Africa was reported, met by buying from the major Continental centres, and the shares rallied throughout the day.

The rally was not sufficient to recoup all of the initial falls of around a point, however, leaving most of the shares around ½ down on the day. The Gold Mines index gave up 12 to 544.8, and bullion recovered to close the day 1.5 lower at $392.875.

One or two of the heavyweight South Africans suffered larger than average falls, as in Randfontein Estates, finally 3½ lower at £80¾. Losses of around a point were common to Winkelhaak at £23¼, Libanon at £20½, Southvaal at £37¾, Vaal Reefs at £72¾ and Western Holdings at £32½.

Unisel provided the main feature of the medium and lower-priced issues, with a fall of 41 to 874p. Declines of 20 to 25 were common to Ergo at 437p, Elandsrand at 774p and Venterspost at 958p, the last-named at a low for the year.

Elsewhere in South Africans, the by-product gold interests of the gold and antimony-producing Consolidated Murchison were enough to leave the shares with a fall of 20 to 460p.

"Johnnies" gave up 2 to £85 in otherwise quiet South African Financials while, in Diamonds, Anglo American Investment lost a similar amount to £86.

Platinums were lower, notably Impala, 10 off at 755p.

London Financials were lightly-traded, with Rio Tinto-Zinc the main mover with a fall of 5 to 575p, after maintaining 580p for most of the day. Gold Fields dipped 3 to 535p.

Dealers in Australians reported the quietest day of the week, with little movement either way and prices looking firm at these levels. Among the Golds, Gold Mines of Kalgoorlie advanced 15 to 605p, while the parent company Western Mining closed 4 up at 237p. CRA regained a similar amount to 342p, but Renison, relatively unmoved earlier in the week, lost 14 to 256p.

Despite a relatively static performance by the underlying share price, Imperial Group Traded Options continued to attract strong support in the wake of a broker's circular and recorded 507 calls, with 217 struck in the November 120's, and 143 puts. British Petroleum also attracted a useful two-way business reflecting crude oil price worries with 132 calls and 572 puts transacted; most of the latter were done in the October 420's which accounted for 121 trades and the January 420's which totalled 191 trades. Contracts completed in all classes amounted to 2,523.

FINANCIAL TIMES STOCK INDICES

	Oct. 5	Oct. 4	Oct. 3	Sept. 30	Sept. 29	Sept. 28	year ago
Government Secs.	82.05	81.71	81.81	81.88	81.90	82.07	79.60
Fixed Interest	84.52	84.20	84.26	84.29	84.18	84.20	80.65
Industrial Ord.	707.8	708.2	703.7	702.6	699.7	696.8	582.5
Gold Mines	544.8	556.8	541.6	581.5	601.5	622.6	371.2
Ord. Div. Yield	4.74	4.73	4.76	4.76	4.78	4.81	4.88
Earnings, Yld.% (full)	9.43	9.40	9.46	9.46	9.51	9.56	10.83
P/E Ratio (net) (*)	13.28	13.32	13.23	13.24	13.17	13.09	11.07
Total bargains	20,045	21,053	18,885	21,200	21,024	19,007	17,082
Equity turnover £m.	—	197.80	177.27	240.81	180.77	165.76	154.95
Equity bargains	—	16,754	15,841	12,644	13,180	15,876	14,109
Shares traded (ml)	—	146.0	115.7	155.0	126.4	98.9	108.0

10 am 710.5. 11 am 710.1. Noon 708.9. 1 pm 707.8. 2 pm 707.8. 3 pm 707.9.

Basis 100 Govt Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.49.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (18/5)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.74 (13/6)	79.05 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/6)	598.4 (12/1)	740.4 (22/6/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	631.5 (29/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 4	Oct. 5
Daily Gilt Edged Bargains	162.9	150.1
Equities Bargains	108.6	109.1
Equities Value	399.8	358.3
5-day Avrge Gilt-Edged Bargains	143.9	147.1
Equities Bargains	106.5	105.1
Equities Value	588.2	381.8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 26	Oct 7	Dec 22	Jan 3
Oct 10	Oct 21	Jan 5	Jan 16
Oct 24	Nov 4	Jan 19	Jan 30

For rate indications see end of Share Information Service

Stocks favoured for the call included London Brick, Bula, Fisons, GRA, Palliser Resources, Security Centres, Yelverton, Guinness Peat, Edenspring, W. E. Norton, Tricentrol, Suter, Hoover, President Steyn, Charterhall, KCA International, Premier, First National Finance Corporation, Strong and Fisher, Manganese Bronze, and North Kalgurlie. A double was completed in First National Finance Corporation.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Res.	530	+15
Barratt Devs.	200	+12
BP	428	− 8
Britoil	220	−10
Comm. Union	160	− 5
First Nat. Fin. Con.	81	+ 4½
ICI	552	+ 4
Ingram (H.)	318	—
London Brick	94	+ 2
Plessey	224	+ 8
Shell Trans.	582	−12
Ultramar	620	−27

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
OJ Sec. Alarms	19	81	—
Sears Hldgs.	16	83	+ 5½
Unilever	15	845	+25
Bowater	14	210	+12
Edensp'g Invs.	13	9½	− 4
Eagle Star	11	480	−10
Cbl. & W'less	10	298	+11
Grand Met.	10	333	+ 2
Lex Service	10	323	+10
London Brick	10	82	+ 5
P & O Defd.	10	230	+ 4
RTZ	10	560	—
Thorn EMI	10	618	+13
Ultramar	10	647	−13

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

AVERAGE GROSS REDEMPTION YIELDS

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	—	—	12	36	—	—	$393.25
GOLD C	$400	37	8.50	256	21	42	32	"
GOLD C	$425	195	3.50	77	11	21	22	"
GOLD C	$450	12	1.60	28	6.50	100	10	"
GOLD C	$475	12	0.70	—	—	—	—	"
GOLD C	$500	41	0.50	—	—	—	—	"
GOLD P	$375	235	4	72	8	—	—	"
GOLD P	$400	168	15	120	17	16	20	"
GOLD P	$425	22	33	6	55 A	—	—	"
GOLD P	$450	27	60	2	61 A	—	—	"
		Dec.		March		June		
SILV C	$11	27	0.30	16	0.70	12	0.85	$10.11
SILV C	$12	3	0.15 A	83	0.45	14	0.70	"
SILV C	$13	—	—	38	0.26	52	0.50 A	"
SILV P	$10	108	0.70	—	—	—	—	"
SILV P	$11	21	1.22	—	—	—	—	"
		Oct.		Jan.		Apr.		
ABN C	F.350	31	1.50	10	14.40 A	—	—	F.368
ABN P	F.360	53	2.40	3	7	—	—	"
AH C	F.170	51	10.50 A	5	17	—	—	F.180
AH C	F.180	—	—	56	10	1	15 A	"
AKZO C	F.70	52	2.50	10	12.30	4	14.50	F.79.50
AKZO C	F.80	167	1.30	59	6.30	21	8.40	"
AKZO C	F.90	—	—	90	2.10	25	4.10	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 18,601

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (68)

[illegible]

NEW LOWS (19)

[illegible]

INDUSTRIALS (9)

Beecham	Mathesons Invs. 7¼pc Cnv. 1987-92
Crest Nicholson	
Datastream	Ricardo Cons'g Eng.
Dobson Park	Rockware
Macpherson (D.)	Wills (George)

LEISURE (2)

Leisuretime Intl.	Nimslo Intl.

TEXTILES (1)

Corah

MINES (3)

Venterspost	Northgate Explrtn.
Minorco	

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	1	2
Corpns. Dom. and Foreign Bonds	26	—	45
Industrials	263	239	878
Financial and Prop.	108	81	330
Oils	16	46	51
Plantations	1	10	10
Mines	32	66	68
Others	46	71	62
Totals	583	514	1,453

LONDON TRADED OPTIONS

[illegible]

Oct. 5. Total Contracts 2,523. Calls 1,333. Puts 1,190.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]	[illegible]	N.Z. 7¼pc 1988-92	79¾xd	+¼	9.37 / 11.39
88¼	[illegible]	Do. 7½pc '83-86	92¼xd	+¼	8.35 / 11.92
158	[illegible]	S. Rhod. 2½pc Non-Ass.	181	...	—
74	[illegible]	Do. 3½pc 80-85 Assd.	80	...	4.38 / 15.60
44	[illegible]	Do. 4½pc 87-92 Assd.	34	...	8.43 / 14.20
321	[illegible]	Zimbabwe Ann (£100pa)	338xd	...	— / 11.34

LOANS

Public Board and Ind.

[illegible]	71¼	Agric. Mt. 5pc '59-89	73xd	...	6.97	11.92
[illegible]	31¼	Met. Wtr. 3pc 'B'	35½	......	8.03	10.62

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

980	650	Com'zbk DM 10	853	−2	—	—	—	—	
£22¼	£10¼	C'hgn.Hbk.Kr100	£18	......	Q15%	—	9.0	—	
9	6½	Dawes (G. R.)	7½	......	—	—	—	—	
£94	£68½	Deutsche Bank DM50	£77½	+⅜	Q22%	—	3.5	—	
196	103	English Assoc.	145	......	3.0	3.8	3.0	12.6	
66	39	First Nat. 10p	61	+4½	—	—	—	4.9	
5¾	¼	Do. Wrnts. 75-83	2¼	......	—	—	—	—	
222	161	Gerrard Natnl	222	......	h10.0	—	6.4	—	
59	43	Goode D't Mry 5p	56	......	1.0	—	2.6	—	
208	113	Grindlays	153xd	+10	4.38	3.0	4.1	11.7	
*58	39	Guinness Peat	45	......	8—	—	—	—	
140	100	Hambros 5p	112	+2	3.28	—	6.7	—	
277	177	Hill Samuel	253	+1	9.1	—	5.1	—	
86½	50	Hong Shng.$2.50	52	......	†Q55c	—	[illegible]	—	

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
29	9¼	Keep Trust 5p	12	−¼	‡0.15	—	‡	—
210	140	Kelsey Inds.	185	.....	8.0	1.7	6.2	12.7
155	110	Kershaw (A.) 5p	140	−10	‡15.0	8.6	‡	(7.1)
80	39	Kleen-E-Ze Hldgs.	80	.....	3.0	♦	5.4	♦
101	52	L.C.P. Hldgs.	91	.....	3.6	1.2	5.6	(20.5)
32	14	LDH Group	27		—	—	—	—
112	93	L.R.C. Int. 10p	109	−1	h2.95	2.3	3.9	14.2
34	17	Lamont Hldgs. 10p	34	.....	‡1.3	1.8	5.5	13.2
40	26	Lawtex	35		—	—	—	—
480	345	Lep Group 10p	470	+5	17.5	0.3	5.3	65.2
36	22	Lilleshall 10p	34	.....	d1.0	—	4.2	—
350	42	Lon. & Liv. 10p	50	.....	h2.75	3.5	7.9	4.5
135	97	London & Mid'd	108xc	+6	7.75	1.1	10.2	12.1
‡110½	38	Lon. & Nthn. Grp.	69	−1	F4.2	♦	8.7	9.7
40	23	♥Lon. Priv. Health	27	.....	—	—	—	13.5
65	46	Longton Inds.	60	.....	1.0	—	2.4	—
120	70	Low & Bonar 50p	114	.....	‡5.0	2.8	6.4	(6.3)
48	32½	MCD Group	45	−1	u1.0	2.2	5.2	20.5
87	62	♥MMT Computing 5p	80	.....	b1.68	2.6	1.0	18.6
26	16	M.Y. Dart. 10p	23	−1	0.1	—	0.6	—
212	134	M'c'rthy Ph. 20p	150	.....	7.0	2.7	6.7	7.1
148	128	Macfarlane Gp.	144	−1	‡3.52	2.1	3.5	17.6
46	33	Macellan 20p	34xd	.....	d1.5	1.6	6.3	12.2
63	42	Macpherson (D.)	42	−3	4.2	8.6	14.3	(24.9)
56	41	Magnolia Group	54½	+2½	2.3	3.2	6.0	6.4
180	65	Man. Ship Can. £1	137	+2	3.5	6.8	3.7	4.1
73	48	Marley	72	+2	‡2.5	0.5	5.0	(8.9)
45	30½	Marling Ind. 10p	45	.....	1.08	1.7	3.4	(21.3)
34	25	Marshall L'sy 'A'	25	.....	‡1.2	—	‡	—
60	44	Marshall's Univ.	60	+6	8—	—	—	18.4
32½	23	Martin-Black	29	.....	—	—	—	—
£130	£85	♥Matheson 7¼%	£85	.....	Q7¼%	2.3	9.7	—

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	19	+½	—	—	—
52	32	Allstate Expln NL	44	−2	—	—	—
40	9	♥Australis Mng. NL	27	−3	—	—	—
25	11	Balmoral Resources	19	.....	—	—	—
60	37	♥Black Hill Mins.	44	.....	—	—	—
85	51	♥Bond Corp.	80	.....	Q10c	♦	7.5
183	116	♥Bougainville 1 Kina	146	+1	mQ3.42c	1.2	1.4
372	204	♥CRA 50c	342	+7	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	68	−7	—	—	—
41	18	♥Central Pacific	31	[illegible]	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 43

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man Fd		231.34		
Managed Inv. Fd.	156.98	165.14		—
Property Fd.	150.30	158.22		—
Fixed Interest Fd	141.61	149.07		—
Cash Fd.	135.42	142.55		—
Income Fd	172.51	181.59		—
Extra Income Fd.	162.92	171.50		—
Worldwide Growth Fd.	229.60	241.69		—
Balanced Fd	173.22	182.34		—
Smlr Co's & Recy. Fd	207.34	218.26		—
Int. Technology Fd.	261.70	275.48		—
Nth. Amer. & Gen. Fd.	164.70	173.37		—
Energy Int. Fd.	107.92	113.60		—
Pacific Basin Fund	125.75	132.37		—

British National Life Assurance Co. Ltd.
Nationals Rd, Haywards Heath. 0444 414111

Managed	112.1	118.0		—
Property	107.0	112.7		—
Equity	114.3	120.3		—
International	128.8	135.5		—
Fixed Interest	101.4	106.7		—
Deposit	99.0	104.2		—
Managed Pen. Cap.	113.1	119.0		—
Property Pen. Cap.	106.2	111.8		—
Equity Pens. Cap.	109.2	114.9		—
Intl. Pens. Cap.	135.4	142.5		—
Fixed Int. Pens. Cap.	99.3	104.5		—
Deposit Pens. Cap.	97.1	102.2		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Sept 29		94.5		—
Rtmt. Fed. Aug 6		255.4		—
Managed Pen Fund	180.4	189.9		—
Property Pen Fund	113.7	119.7		—
Index Lnkd Pen Fund	111.1	117.0		—
Managed	121.5	127.9	+0.3	—
Property	103.9	109.4		—
Gilt and Fixed Interest	105.7	111.3	+0.5	—
Index-Linked	96.9	102.1	−0.2	—
Equity	118.8	125.1	−0.3	—
Cash	103.3	108.7		—
Midland Bk. Unit Tst.	117.7	123.9	+0.1	—
Midland Bank Intnl	140.6	148.0	+0.2	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£38.08	—		—
Property Units	£17.18			—
Equity Bond/Exec	£24.76			—
Prop. Bond/Exec.	£22.45			—
Bal. Bd./Exec/Unit	£23.52			—
2nd Equity Acc.	193.3			—
2nd High Inc/Acc	146.5			—
2nd Property Acc	171.6			—
2nd Managed Acc.	170.5			—
2nd Deposit Acc	144.2			—
2nd Gilt Acc.	142.4			—
2nd American Acc.	201.1			—
2nd Intl Money Acc	142.7			—
2nd Index Acc.	90.0			—
2nd Eq. Pens./Acc.	269.5			—
2nd Hi Inc Pens/Acc.	154.7			—
2nd Prp. Pens/Acc	214.3	226.3		—
2nd Mgd. Pens/Acc.	216.6	229.2	+0.6	—
2nd Dep. Pens/Acc.	188.6	199.0		—
Gilt Pens/Acc.	184.0	194.7	+0.1	—
2nd Am. Pens/Acc.	269.2	284.9	+4.2	—
2nd Intl. MoneyPens/Acc	172.8	182.9	+0.6	—
2nd Index Pens./Acc.	104.8	110.9	−0.2	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	124.0	130.6	−0.9	—
GT Pln High Yld Fnd	116.6	122.8		—
GT Plan Far East Fnd	115.6	121.7		—
GT Pln N Am Fund	144.0	151.6		—
GT Pln UK&G.E. Fnd	130.5	137.5		—
GT Pln Wrldwde Fnd	136.0	143.2		—
GT Pension Bnd Fnd	133.0	140.0	+0.8	—
GT Pen High Yld Fd	132.9	139.9		—
GT Pen Far East Fd	140.9	148.4		—
GT Pen N. Am. Fd.	211.8	223.0		—
GT Pen UK & G E. Fd	151.5	159.5		—
GT Pen Worldwide Fd.	145.2	152.9		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	166.9	175.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		240.3		—
Portfolio Fd. Init.		206.7		—
Portfolio Fd. Cap.		238.3		—
Investment A'cts	249.2	262.4		—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	269.5	284.0		—
Money Fd.	154.6	162.8		—
Equity Fd.	230.9	243.3		—
Fixed Inc. Fd.	116.3	122.5		—
Property Fd	171.0	180.2		—
Managed Ped. Fd.	248.4	261.7		—
Equity Pension Fd	186.9	196.9		—
Fixed Int. Pen. Fd	164.1	172.9		—
High Yield Pen. Fd.	161.6	170.3		—
Money Pension Fd.	127.1	133.8		—
Property Pension Fd	126.9	133.7		—
Gresham/Framlington				
American & Gen. Fd.	263.4	277.6	−1.0	—
Income Fd	180.1	189.8	−0.5	—
Int'l. Growth Fd	276.7	291.6	−1.2	—
Capital Fund	192.1	202.4		—
Recovery Fund	146.2	154.1		—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance	£1,526	284.0		—
Landbank Secs.	66.15	162.8		—
Landbank Secs. Acc.	185.6	190.4		—
B. & S. Super Fd.	£11.376	122.5		—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7101

Guardian Assurance

Property Bonds	385.6	318.3		—

GRE Linked Assurance Ltd.

Managed Initial	207.4		−0.3	—
Do. Accum	230.1		−0.3	—
Equity Initial	259.0		+0.1	—
Do. Accum	287.3		+0.2	—
Fixed Int. Initial	190.5		−0.6	—
Do. Accum.	211.3		−0.7	—
Intnl. Initial	215.4		+0.7	—
Do. Accum	238.9		+0.8	—
North American Initial	100.4		+0.3	—
Do. Accum	101.4		+0.3	—
Pacific Accum	95.1			—
Index-Linked Gilt Int.	93.3		−0.1	—
Do Accum	94.2		−0.1	—

Lloyds Life Assurance—cont.

Gartmore Funds—Series A

American Oct 4; British Oct 4; Commodity Oct 4; Extra Inc. Oct 4; Far Eastern Oct 4; High Inc Oct 4; Income Oct 4; Global Strategy Oct 4; Special Sits Oct 4; Gilt Oct 4; Japan Oct 4; UK Small Co's Oct 4; Man Gwth Oct 4; Austrln. Oct 4; Oil & Energy Oct 4; Gold Share Oct 4

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF

'Asset Builder'	65.4			

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading

Money Mngr Oct. 1	61.0			
MM Flexible Oct 6	52.3			
Fixed Interest Oct 1	54.7			

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA.
See adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS

Invest. Tst. Fd. Cap.	290.8			
Invest. Tst. Fd. Acc.	307.5			
Property Fund Cap.	117.4			
Property Fund Acc.	123.8			
Flexible Fund Cap.	181.6			
Flexible Fund Acc.	291.4			
Fixed Int. Fd. Cap.	139.8			
Fixed Int. Fd. Acc.	147.6			
Gtd. Deposit Fd. Cap.	138.9			
Gtd. Deposit Fd. Acc.	145.5			
Equity Fund Cap.	131.7			
Equity Fund Acc.	137.8			
International Fd. Cap.	140.1			
International Fd. Acc.	147.3			
Capital Gwth. Fd.	420.8			
Moneymaker Fund	369.2			
Exempt Inv Tst Cap.	404.8			
Exempt Inv Tst Acc.	420.6			
Exempt Inv Tst NS.	418.2			
Exempt Ppty Cap	188.6			
Exempt Ppty Acc	196.1			
Exempt Ppty NS	194.9			
Exempt Flex Cap	241.8			
Exempt Flex Acc.	251.2			
Exempt Flex NS	249.7			
Exempt Equity Cap	110.5			
Exempt Equity Acc.	114.5			
Exempt Fxd Int Cap.	105.5			

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521

Capital Reserve Fund	£16.85	16.87		0.24
C.I. Fund	134.1	155.9		2.31
Special Sits. Fund	126.4	133.1		2.10
Sterling Income Fund	111.9	116.6	+0.5	10.29
Dollar Income Fund	$1.055	1.101	+0.001	12.26
Trans. Nat. Trust	$1.199	1.263	+0.02	2.38
Intnl. Bond	$108.97	114.75	+0.82	9.41
Int. Equity	$22.00	23.14		1.58
Inc. Svgs. 'A' $US	$1.66	1.75		—
Int. Svgs. 'B'	$2.41	2.54		—
Galleon Ass. Fund 'A'	$1.099	1.102		—
Galleon Ass. Fund 'B'	$1.324	1.352		—
Amer Spec Accts	$1.06	1.12		—

Henderson Admin. & Man. (Guernsey)
PO Box 71, St. Peter Port, Guernsey 0481 26541

American (US cents)	185.5	197.3		—
Ntrl. Res. (U.S. cents)	128.2	136.3		—
Gilt Fund	£10.45	11.08	+0.04	11.28
Prime Res. Props.	£1.01	1.09		—

Henderson Baring Group
1901, Edinburg Tower, Hongkong.

Australia	$10.48	11.30		—
Hong Kong	$6.70	7.18		—
Japan Tech.	$27.20	29.07		—
Japan Fund	$38.74	41.39		—
Malay Sing.	$22.39	24.11		—
Pacific Fd.	$15.505	16.280		—
Pacific Intl Fd.	$9.85	10.34		—
Bond Fd.	$10.681	11.215		10.87

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	288.1	308.2	−2.9	2.61

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029

UK Equities (C.I. Fd.)	194.8	208.3		2.5

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, IoM. 0624 23914

Coin Trust	27.8	30.0		—
Diamond Bond	68.9	73.8		—
Gold Bond	241.1	256.5	−5.4	—
Sterling Deposit Bo.	170.89	179.04	+0.04	9.25
UK Gilt Fund	162.6	172.9	+2.1	—

Rothschild Asset Management (C.I.)
St Julian's Ct, St Peter Pt, Guernsey 0481 26741

OC America Fd.*	$3.78	4.00		1.09
OC Sm Co***	185.5	197.3		1.37
OC Commodity†	227.3	155.4		2.10
OC $ Comdty*	$39.12	41.61		1.66
OC HongkgFd††	HK28.18	29.97		

*Prices September 21. Next dealing October 7. **Prices September 30. Next dealing Oct. 14. ***Prices Sept. 30. Next dealing Oct. 14. ††Dealings every Wednesday.

OC Intl Reserves Ltd. 0481 26741-26331
See adjacent Page Mon-Fri and Stock Exchange Dealings Page Sat.

Royal Bank of Canada Funds
RBC Invest Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 23021

Intl Income Fd	$10.08	10.72	+0.03	—
Intl Capital Fd.	$14.76	16.03		—
North America Fd	$6.84	7.45		—
RBC Intl Currencies Fd Ltd				
U.S.$		$21.39	+0.01	—
Canadian $	—	C$26.69		—
£ Sterling	—	£10.79	+0.01	—
D-Mark	—	DM51.69	+0.01	—
Swiss Francs		40.80	+0.01	—
Japanese Yen		Y6,250	+0.02	—
Managed Fund		$20.84	+0.03	—

Daily Dealings

Royal Trust Intnl. Fd. Mngt. Ltd

OFFSHORE AND OVERSEAS

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	24.6	25.6		—
Chinese Fund	65.9	68.7		—
Precious Metal Fund	120.3	125.3		—
Vanguard Cmdy. Fd	37.1	38.1		—
Financial Futures Fd.	76.4	79.6		—
Wren Intl. Fnd.*	$0.560	6.583		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium assurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Silver prices lowest since December

BY JOHN EDWARDS, COMMODITIES EDITOR

SILVER PRICES dropped sharply yesterday morning to the lowest level since December last year. The London bullion spot price at the morning fixing was cut by 51.25p to 655.35p a troy ounce but the market rallied in the afternoon to close at 678p, in line with a generel recovery in other metal markets.

Traders said the new sudden fall in the silver price was initiated in Far Eastern markets overnight. There were reports of heavy selling from Australia, Middle East countries and Peru.

The silver market has already been undermined by e steady build up in surplus stocks held in the New York (Comex) market warehouses, whare total holdings are at a record level of nearly 131m ounces.

It is claimed that the weakness in silver, and the need for speculators to find extra funds to meet their losses, has been an important influence in pushing gold below $400 an ounce.

Certainly yesterday morning it was the steep decline in silver that temporarily weakened gold and the base-metal markets.

Gold dropped below $388 at one stage before rallying to close at $392.875, still $1.5 down on the previous close. Free-market platinum closed $2.75 down at $394.25 (£265.50) an ounce.

There was a similar pattern for base metals. They opened on e generally weak note but rallied at trade-buying support emerged at the lower levels.

Three months higher copper after touching s low of £974 closed virtually unchanged on the previous day at £988.75 e tonne.

U.S. futures commission to trade farm options

BY NANCY DUNNE IN WASHINGTON

WITH the exchange-traded commodity options programme one year old this month the Commodities Future trading Commission (CFTC) has agreed to expand the programme, to allow trading of agriculture options.

Agriculture-options trading was forbidden by Congress more than 40 years ago after scandals associated with options received wide publicity.

Legislation passed last year, however, saw Congress agree to allow resumption of trading and for the CFCT to work on a programme to prevent the abuses of the past.

Because commission staff decided that a separate programme would be "duplicative and unnecessary," agricultural options will be included under the current programme, which has been free of major problems.

Agricultural options will be traded under a three-year trial. Each exchange will be allowed to submit up to two contracts. All exchanges must also trade a futures contract underlying their options.

Chicago Board of Trade announced its intentions to offer options on soyabeans. Chicago Mercantile Exchange is expected to submit e request to trade cattle options. The commission expects the programme to go into effect some time next year.

Brazil sets deadline for soya oil exporters

SOYA OIL exporters have been given until October 10, by the foreign trade department of Banco do Brasil (Cacex), to withdraw registrations for the export of soya oil which they may not be able to complete, free of any penalty.

Cacex said thot ot the end of last month sbout 700,000 tonnes of soya oil bed been exported in the marketing year starting March 1.

Total export registrations came to about 950,000 tonnes. Some of the eddltional 250,000 tonnes, bowever, were expected to be withdrawn.

● SECOND BAUXITE-refining unit at Clarendon alumina works, Jamaica, will be reactivated in mid-1984 by Alcoa Minerals, e subsidiary of the U.S. oompany, after being idle since 1981. The works' annual alumina output will rise to more than 500,000 tonnes from 365,000 tonnes.

● EXPORT CREDIT guarantees sought by the U.S. Agricultural Department for fiscal 1984, which began on October 1, now total $9bn, up from its $8bn earlier request and the $5bn used in fiscal 1983.

● A JUTE consortium to boost India's exports to North America, its largest export market for jute goods, is expected to start up next month. It will include representatives of the State Trading Corporation, jute mills and private and government organisations.

● AUSTRALIAN WHEAT crop for 1983-84 is expected to be 18.6m tonnes, up on 17.4m estimated e month ago by Australian Wheat Forecasters, AWF, a private agency, said.

John Empson on EEC and U.S. searches for ways to arrest growth

Putting a cap on milk supplies

THE EEC and the U.S. both seek ways to arrest milk-supply growth. Their conclusions on bow to do this, however, are widely divergent.

Combined stocks totalling more than 1m tonnes of surplus butter and almost 1.75m tonnes of skimmed milk-powder were held in the two areas last month. Total costs of the EEC and U.S. dairy-support programme are oppraaching £9bn.

Mr John Block, the U.S. Agricultural Secretary, introduced an "assessment" on producers—that is e deduction—of 50 cents per 100 lb of milk on April 16 and repeoled this on September 1. The second move bad President Ronald Reagan's support so $1 per 100 lb of milk is now deducted from every farmer's milk-cheque—an average cut of 7.5 per cent.

Farmers' prices have thus been reduced by this amount. The total raised also lowers government support costs. The valoe of the $1 assessment amounts to $1.2bn in a full year, thus almost balving government support costs of $2.5bn.

Producers who reduce their supplies to a figure based on the average of their output in the two years 1980-82 may elaim e refund of the second assessment, providing an element of personal incentive.

These plans have been tested in court several times to clarify their constitutional validity. They have also been discussed in Congress where a modified proposal ineluding larger individual inceotive-payments has been considered.

The U.S. position has also been affected by the summer drought. This has drastically curtailed the maize and soyabean barvest. With feed supplies reduced and their prices high the growth in milk supplies has already eased.

The milk-feed price ratio has moved against the prodncer and will remain so throughout the winter. Rates of feeding and hence milk output will be affected until spring.

It seems o combination of poor harvest and what Euro-farmers would consider a severe price cut is the immediate solution in the U.S., with its annual milk output of 60m tonnes.

The EEC has milk output of 100m tonnes and growth this year expected to be more than 3 per cent. Its problems are further complicated by the contrasting views of member-states.

The European Commision has proposed a paekage of measures. This comprises a levy on margarine to raise funds and alter the competitive baleoce with butter; reduced consumer subsidies to cut costs; restricted availability of intervention-buying; and restrictions on certain feed imports.

To arrest the flow of milk from farms, bowever, it eppears to concentrate on a quota scheme penalising produetion of additional supplies and on o special levy to be applied to the growing number of bigger, more intensive units.

When the possibility of quota-cootrol was first considered, the commission discounted it because of tbe problem—with more than 1.5m milk-producers—of administrative control.

The commission now proposee initially to put the onus on dairies receiving tba milk. The dairies would each pay e levy, fixed at 75 per ceol of the target price, on the total supplies they iodividually received above the 1981 level plus 1 per cent.

They would then be responsible for the task of passing on the penalty, through e corresponding allotment of quotas, to their producers.

The penalty is swingeing. In UK terms it would equal 13p per litre, compared with the eurrent everage nroducer price of about 14p. The commission hopes thereby, to decentralise the edministrative problem of apnlying quotas by this means.

The bigger and intensive producers will also face an additional levy. Those wlth an output of more than 60,000kg a year (this is the product of obout 12 milking-cows in the UK) will pay a levy of 4 per cent of the target price (equivalent to 0.7p per litre in the UK) unless they can prove their intensity of production is below 15,000kg of milk a year per forage-hectare.

This proposed definition elms to segregate tbe farms that are termed milk-factories and whieb are thought to be excessively dependent on purchased feed.

The nrinciple difference between EEC and U.S. policies is epporently, thet the commission wants to concentrate the disincentives on the margin—by placing a penal levy on extra supplies and a further levy on more efficient, bigger and intensive farmers.

The U.S. has gone for a simpler, general price cut and a substantial prodncer contribution towards disposal cost but with much more moderate disincentive at the margin against additional supplies.

The oommission choice at first glance appears attraetive. It puts a severe penalty on extra supplies which are not wanted and thus worth little. It tends to maintain the generality of milk-producers' incomes and puts the burden on those that want to grow.

The penalties of such e policy are two-fold. First, it places e brake on growth towards efficiency. Second, it brings an administrative problem in its need for a detailed system, identifying and spplying prices to producers individually. Equal snd feir treatment has to be meted out to all.

Further problems are attached to the organisation of the levy scheme on larger and intensive producers. There are probably 500,000 such producers in tbe EEC in this category with 12 cows or more, again to be considered on an individual basis. One wonders bow it can all be fairly policed.

It would seem difficult other than to eonclude that the U.S. solution is a simpler, speedier and e more direct course to follow tban that being considered in Europe. The U.S. method suffers, however, from tha usual disadvantage of the mechanism of a straight price cut. All producers are affected whether they are increasing output or not.

It may be, however, tbat the European Commission, while trying to avoid this disadvantage, is in danger of trying to create an unworkable administrative system which could introduce regrettable penalties on efficiency.

CAP 'must foot bill'

BY JOHN CHERRINGTON

EIGHT of the EEC's 10 member-states were not beneficiaries from the Common Agricultural Policy and had little incentive to introduee surplus-production curbs, Mr Michael Jopling, who became UK Agriculture Minister in June, said wben addressing the Farmers Club in London yesterdey.

He said milk and cereals production had outrun sensible demand and costs of supporting these made nonsense of the Community budget. He therefore welcomed the European Commission's restrietive-priea policy proposals.

He opposed, bowever, any measures that meant larger and more efficient farmers should carry the bulk of the burden

His was a clear UK Government message that this time budgetary reform would have to be at CAP's expense.

All seven state sugar mills shut by Jamaica

By Canute James in Kingston

THE state-owned National Sugar Compony in Jamaica has elosed all seven sugar-mills which it owns. This has left the island with only three privolely-owned mills opereting.

The company said the move came after losses of between $45m and $50m from the crop just ended. This is in addition to the approximate $150m accumulated loss which the state suger sector has been carrying.

The closures came amid indications that the slump in the island's sugar production worsened again this year. Although no officiel figures on produetion have yet been published bere, industry sources heve forecast it will be only about 195,000 tonnes. The industry has e rated capacity of 400,000 tonnes per year.

The closure of the state-owned two-thirds of the industry will maka sbout 11,000 workers redundant, eccording to trade union sources.

Our Commodities Staff writes: The EEC Commission yesterday authorised the export of 62,500 tonnes of white (refined) sugar, and 20,000 tonnes of raw sugar at its weekly selling tender.

The maximum rebate for white-sugar exports was 27.24 European currency units per 100 kilos and 24.73 units for raw-sugar sales.

The tender included, for the first time, shipments up to eod March next year. This explained the higher quantity sold.

Menwhile, the French Sugar Market Intervention Board raised its estimate of this year's white-sugar output in the EEC to 11.12m tonnes. This compares with its estimele a month ago of 10.89m and 1982-83 produetion of 12.93m.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 5 1983	+ or —	Month ago
Metals			
Aluminium	£1050	......	£1050
Free Mkt	$1600/1630	+50	$1655/685
Copper			
Cash h grade	£988.5	......	£1057
3 mths	£988.75	......	£1096.25
Cash Cathode	£941	-1.5	£1034
3 months	£965.5	-2.25	£1062.5
Gold troy oz	$392.875	-1.5	$413.625
Lead Cash	£288.8	+0.5	£263.25
3 months	£278.78	......	£273.125
Nickel	£4646.34	......	£4646.34
Free mkt	215/235c	+10	225/255c
Palladium	$134.00	-3.25	$164.00
Platinum	£265.50	-5.85	£265.40
Quicksilver†	$320/330	+10	$285/295
Silver troy oz	655.35p	-51.25	613.10p
3 mths	670.15p	-56.25	832.60p
Tin cash	£8467.5	-12.5	£8627.5
3 month	£8560.5	-5	£8741.5
Tungsten	$77.36	......	$74.81
Wolfem 22.04 lb	$79.83	......	$76/82
Zinc Cash	£555.6	+4.0	£573.95
3 mths	£570.25	+5.0	£589.25
Producers	$880	......	$880

	Oct. 5 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$850x	-60	$985
Groundnut	$1090x	......	$1040
Linseed Crude	‡	......	£486.40
Palm Malayan	$665u	-15	$615
Seeds			
Copra Phil	$560x	-40	$645
Soyabean (U.S.)	$338	......	$364
Grains			
Barley Fut. Jan	£121.00	-0.20	£119.00
Maize	£144.00	......	£144.00
Wheat Fut. Jan	£123.95	-0.35	£124.60
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£164	+18.0	£1617
Fut. March	£1480.0	+0.5	£1456.5
Coffee Ft. Jan	£1836.5	-5.5	£1584.5
Cotton A. Index	87.15c	......	92.20c
Gas Oil, Nov	$247.75	+1.75	$257.25
Rubber (kilo)	78.50p	+1.05	76.5p
Sugar (Raw)	£187.50x	+0.50	£157
Woolt'ps 64s	400p kilo	......	395p kilo

‡ Unquoted. w Nov. u Dec. y Sept-Oct. x Oct-Nov. v Oct. † Per 16 lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.25-28.30	-0.05
Iranian Light	27.80-08.10	—
Arabian Heavy	26.40	+0.15
North Sea (Forties)	29.65-29.70	+0.37
North Sea (Brent)	29.50	+0.25
African Bonny L'ht	29.80-29.85	+0.16
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	283-286	-0.5
Gas oil	239-247	-1.0
Heavy fuel oil	169-170	-1.0

GAS OIL FUTURES

A drawdown in U.S. stocks brought the market in $3.00-4.00 higher. Trade selling at the higher levels effectively capped the rise for a time, but renewed buying interest pushed prices to the highs. The market fell as the trade again started selling and prices ended on the lows, reports Premier Man.

Turnover: 3,608 (6,630) lots of 100 tonnes.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct	244.00	+2.50	245.50-44.00
Nov	247.75	+1.75	250.50-47.50
Dec	250.25	+2.00	253.50-50.25
Jan	250.70	+1.50	254.00-50.50
Feb	248.25	+1.00	249.75-49.75
Mar	247.00	+4.00	247.50-45.75
April	240.00	+1.00	247.25-45.00
May	242.00	+0.50	—
June	243.00	+5.50	—

Turnover: 2,023 (3,219) lots of 100 tonnes.

GOLD MARKETS

Gold fell $1½ to close at $392¾-$393¼ on the London bullion market yesterday. The metal opened at $388¼-389¼, and was fixed at $385¾ in the morning, and $389¼ in the afternoon. It touched a peak of $393¼-394¼, and a low of $388¼-389¼.

In Frankfurt the 12½ kilo bar was fixed at DM 32,475 per kilo ($389.0 per ounce) against DM 33,335 ($394.48) and closed at $388-390 from $393¾-394¾.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $388.25 at the fixing from $392.50.

In Zurich gold finished at $388-$391 from $393-396.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Oct	388.00-91.8	-5.00	—
Dec	395.50-95.8	-4.85	—
Feb	401.50-02.0	-4.85	—
April	414.50-15.0	-4.65	—
June	420.70-21.5	-4.80	—

Turnover: 1,337 (836) lots of 100 troy ounces.

	Oct. 5	Oct. 4
Gold Bullion (fine ounce)		
Close	$392¾-393¼ (£264¼-264¾)	$394-394½ (£267-267½)
Opening	$388¼-389¼ (£262¼-263)	$391¾-392¼ (£266-266½)
Morning fixing	$385.75 (£261.267)	$393.75 (£266.598)
After'noon fixing	$389.25 (£262.501)	$392.50 (£266.209)

Gold Coins Oct. 5			
Krugrnd	$405-405½ (£273¼-274½)	King Sov	$93-94 (£63¼-63½)
½ Krug	$209½-210 (£141¼-141¾)	Victoria Sov	$93-94 (£63¼-63½)
¼ Krug	$106½-107¼ (£71¾-72¼)	French 20s	$90½-91½ (£61½-62)
1/10 Krug	$43½-44 (£29¼-29¾)	50 pesos Mex	$476-478 (£320-321½)
Mapleleaf	$404½-405½ (£272¾-273½)	100 Cor. Aust	$384-388 (£258½-260¼)
New Sov	$93½-94 (£63¼-63½)	$20 Eagles	$565-595 (£381-400)
½ New Sov	$53½-56 (£37¼-37¾)		

EUROPEAN MARKETS

ROTTERDAM, October 5.

Wheat—(U.S. $ per tonne): U.S. No. 2 Red Winter: Oct 152.50, Nov 155.50, Dec 160.50, Jan 163.50. U.S. Northern Spring, 14 per cent protein: Oct 183, Nov 184, Dec 186.75, Jun 191. U.S. No. 3 Amber Durum: Oct 196, Nov 198, April/May 205.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow: Afloat 162, Sept 161, Oct 169, Nov 169, Dec 169, Jan/March 161, April/June 163. Argentine: mid-Oct/mid-Nov 172 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Oct 326, Nov 328.20, Dec 328.30, Jan 332.40, Feb 336.30, March 339.50, April 339.50, May 338.50, Nov 270, Dec 275, Jan 280 sellers.

Soyameal—(U.S. $ per tonne), 44 per cent: Afloat 286, Sept 286, Oct 267, Nov 263, Dec 263, Jan 271, Nov/March 270 sellers. Pellets, Brazil: Afloat 276, Sept 280, Oct 283, Nov 290, Dec 294, April/Sept 278.50 sellers. Pellets, Argentine: Afloat 286, Sept 288, mid-Sept/mid-Oct 287, Oct 285, mid-Oct/mid-Nov 270, Nov 272, Dec 277 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL prices opened sharply lower on the London Metal Exchange, following the fall in silver prices overnight and the early weakness in gold. All the metals subsequently rallied strongly to close little changed, although Nickel moved ahead later in the day to close at £3,182.5, well ahead of the previous day's level. Trade buying, mostly from the U.S., helped all the metals, with Copper finally £990, Lead £279, Zinc £568.5 and Aluminium £1,069.5. Tin was supported at £8,560, and closed there.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	952-.5	-12	965-6	—
3 months	977-.5	-12.5	988.5-9	-1
Settlem't	953.3	-19	—	—
Cathodes				
Cash	932-.5	-12.5	940-2	-1.5
3 months	955-6	-14	965-7	-2.25
Settlem't	956.5	-12.5	—	—
U.S. pro'd	—	—	*78.5-7	......

Amalgamated Metal Trading reported that in the morning higher-grade cash copper traded at £953.50, 54. Three months £978, 79, 78, 78.50, 78, 77.50, 78, 77, 76.50, 78, 77, 76.50, 77, 77.50. Cathodes: Cash £932, 32.50, 33. Three months £956. Kerb: Higher Grade: Three months £97.50, 77, 76.50. Afternoon: Higher Grade: Three months £979, 79.50, 80, 80.50, 81, 82, 85, 80, 00.50, 90, 89, 86.50, 88, 88.50. Kerb: Higher Grade: Three months £987, 86, 87, 87.50, 87, 88, 89, 90, 89.50, 90. Turnover: 47,075 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	8500-5	+27.5	8485-95	+2.5
3 months	8565-6	-5	8565-70	-5
Settlem't	8505	+25	—	—
Standard				
Cash	8460-5	-8	8465-70	-12.5
3 months	8560-1	-8	8500-1	-5
Settlem't	8465	-7	—	—
Straits E.	$29.55	-.05	—	—
New York				

Tin—Morning: Standard: Cash £8,470, 80. Three months £8,565, 67, 65, 51, 60. High Grade: Cash £8,505. Three months £8,565, 56. Kerb: Standard: Three months £8,560. Afternoon: Standard: Three months £8,561, 65, 51, 63, 61, 60. Kerb: Three months £8,560. Turnover: 1,390 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	266.25-.0	-7.87	269-70	+.5
3 months	276.25-.5	-6.75	278.5-9	—
Settlem't	266.5	-7.5	—	......
U.S. Spot	—	......	*22.5	......

Lead—Morning: Three months £279, 79.50, 79, 78, 77.50, 77, 76.25. Kerb: Three months £276.50, 77, 70.50. Afternoon: Three months £277, 77.50, 77, 78, 78.50, 78. Kerb: Three months £278, 79. Turnover: 8,700 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	550.5-1	-4.75	555-6	+4
3 months	566-.5	-5	570-.5	+5
Settlem't	551	-5	—	—
Primw'ts	—	......	*46-.75	......

Zinc—Morning: Three months £569, 67, 66, 66.50. Kerb: Three months £567. Afternoon: Three months £568, 68.50, 71, 70, 70.50. Kerb: Three months £569, 68.50. Turnover: 9,275 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1035.5-7.5	-11.2	1044-0	2
3 months	1064-.5	-12	1071.5-2	6

Aluminium—Morning: Three months £1,059, 59.50, 60, 60.50, 61, 62, 63, 64, 67, 66, 65, 64.50, 64. Kerb: Three months £1,064, 65, 64.50, 65, 66, 65.50, 65, 65.50. Afternoon: Three months £1,066, 66.50, 67.50, 68, 70, 71, 72, 71, 71.50. Kerb: Three months £1,068, 69, 68, 65.50, 69, 69.50, 69, 70. Turnover: 17,675 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3078-80	+115	3105-10	+75
3 months	5155-6	+112	3185-90	+80

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

Nickel — Morning: Three months £3,180, 60, 50, 45, 40, 45, 50, 40, 45, 90, 65, 60, 55, 50, 52, 55. Afternoon: Three months £3,180, 90, 85, 90, 85, 90, 80, 85, 80, 85. Kerb: Three months £3,180, 70, 80, 82. Turnover: 2,386 tonnes.

SILVER

Silver was fixed 51.25p an ounce lower for spot delivery in the London bullion market yesterday at 655.35p. U.S. equivalents of the fixing levels were: spot $9.74, down 88.2c; three-month $9.965, down 70.8c; six-month $10.205, down 71.7c; and 12-month $10.667, down 78.4c. The metal opened at 665-667p ($9.85-9.90) and closed at 677-679p ($10.06-10.11).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	655.35p	-51.25	676.5p	-30
3 months	670.15p	-55.25	690.5p	-31½
6 months	685.65p	-54.15	—	......
12 months	717.15p	-56.60	—	......

LME—Turnover 149 (156) lots of 10,000 ozs. Morning: Three months 675.0, 76.0, 75.5, 76.0, 73.0. Kerbs: Three months 673.0, 74.0, 73.5, 73.0, 71.0, 70.0. Afternoon: Three months 682.0, 83.0, 82.5, 83.0, 82.0, 91.0, 90.0. Kerbs: Three months 689.0, 50.0.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse 1940-1970.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 1.80-1.87.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 0.89-0.94, sticks 0.90-0.97.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 5.70-5.80.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 320-328.

MOLYBDENUM: European free market, canned molbdic oxide, $ per pound Mo, in warehouse 3.85-3.90.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse 4.15-4.80.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO₃ cif 80-82.

VANADIUM: European free market, min 98 per cent V_2O_5 other sources, $ per pound V_2O_5 cif 1.95-2.00.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 2.30.

COBALT: World, Zaire: Sozacom, $ per pound 12.50.

NICKEL: World: Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8 24.00.

Vanadium: Highveld fused min 98 per cent V_2O_5, $ per pound V_2O_5 cif 2.30.

ZINC: GOB producer basis, $ per tonne 880.

COCOA

Although initially trading £10 lower, as due, laterse rallied on renewed buying interest and closed at the highs. While producers and consumers still decline to re-enter the market at current levels there was, however, another active day with dealer/broker trading on the near positions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1485-87	+10.0	1490-68
March	1480-81	+8.5	1484-64
May	1490-92	+11.5	1491-83
July	1504-05	+14.0	1505-96
Sept	1510-19	+11.5	1509
Dec	1522-30	+15.5	—
March	1530-40	+29.0	—

Sales: 2,408 lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Oct 5: 98.81 (96.41): five-day average for Oct 6: 97.01 (97.13).

COFFEE

Commission house buying produced a £10 higher opening, reports Drexel Burnham Lambert. Prices failed to follow through, and in moderate dealings wilted under trade pressure to close around the lows.

COFFEE	Yest'day's Close	+ or —	Business Done
Nov	1852-60	-1.5	1884-58
January	1836-37	-5.5	1855-35
March	1756-57	-1.0	1760-55
May	1724-95	-8.0	1735-20
July	1680-89	-10.0	1700-90
Sept	1655-70	-7.5	—
Nov	1654-54	-1.5	1650-49

Sales: 2,990 (3,897) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for October 4: Comp daily 1979 132.64 (131.74); 15-day average 128.41 (127.98).

GRAINS

Wheat and barley both drifted in light trading with Nov-Jan wheat—a major feature. Buyers gradually withdrew and the markets closed at the lows, reports Muirpace.

Business done—Wheat: Nov 120.90-20.55, Jan 124.30-3.95, March 128.85-8.60, May 129.55-9.50, July untraded, Sept 119.50 only. Sales: 201 lots of 100 tonnes. Barley: Nov 117.80-7.75, Jan 121.00 only, March untraded, May 125.50-5.45, Sept 115.75 only. Sales: 44 lots of 100 tonnes.

Mnth.	WHEAT Yestrday's close	+ or —	BARLEY Yest'day's close	+ or —
Nov	120.55	-0.35	117.80	-0.20
Jan	195.95	-0.39	191.00	-0.20
Mar	126.60	-0.25	125.65	-0.15
May	190.45	-0.20	125.50	-0.19
July	132.45	-0.50	...	...
Sept	119.50	-0.25	115.75	-0.25

HGCA—Locational ex-farm spot prices. Feed barley: E. Midlands 117.80, N. East 117.60, Scotland 115.70. The UK monetary coefficient for the week beginning Monday October 10, is expected to change to 0.935.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Oct 134, Nov 135, Dec 136.50 transhipment East Coast sellers. English feed fob first half Oct 125 seller Ipswich, Nov 126 East Coast, Dec 121.50 East Coast sellers, Oct 5-16 124.75 paid Ipswich. Maize: French Oct 144.50 transhipment East Coast sellers. Barley: English feed fob spot 19.75 Peterhead, Oct 121.50 Boston, Oct-Dec 123.50 East Coast sellers. Rest unquoted.

POTATOES

Follow-through selling on the opening met very strong support at £207 basis April and prices reacted quickly on thin interest to rise sharply. Further buying in early afternoon dealing pushed prices higher before profit-taking trimmed the gains, reports Coley and Harper.

Month	Yestday's close	Previous close	Business Done
	£ per tonne		
Nov	149.60	146.00	154.00-42.0
Feb	186.00	186.00	189.00-81.0
April	219.00	216.80	225.00-207
May	225.00	218.80	226.00-212
Nov	81.00	81.00	—

Turnover: 1,273 (1,361) lots of 40 tonnes.

RUBBER

The physical market opened unchanged, attracted little activity throughout the day and closed quiet, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No 1 was 253.00 (same) cents a kg and for SMR20 210.5 (same).

No. 1 R.S.S.	Yest'day's close	Previous close	Business Done
	£ per tonne		
Nov	779-780	745-780	780-779
Dec	779-780	770-774	778
JanMch	794-796	777-779	705-790
Apl-Jne	812-814	798-800	815-806
Jly-Sept	828-830	809-814	—
Oct-Dec	841-844	824-828	—
JanMch	855-858	850-845	—
Apl-Jne	873-874	854-860	875
JlySept	888-890	860-875	—

Sales: 56 (131) lots of 15 tonnes, 8 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 78.50p (77.50p); Nov 79.00p (78.75p); Dec 79.50p (79.25p).

SOYABEAN MEAL

The market opened £4.50 lower on long liquidation, reports T. G. Roddick. Prices drifted in mixed selling in active trade to close on the lows.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
October	186.50-86.80	-6.10	186.00-85.50
Dec	188.20-88.50	-5.90	195.00-85.40
Feb	189.50-90.00	-5.75	190.50
April	187.50-88.00	-4.75	188.00
June	188.10-88.00	-4.70	188.50-88.50
August			
October	191.00-91.40	-4.85	191.00

Sales 307 (77) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE — Raw sugar £187.50 (£187.00) a tonne for Oct-Nov shipment. White sugar £186.00 (£185.0).

Scattered sell-at-best orders at the opening caused prices to fall some £2.50 from kerb levels but the lows were very short-lived. There was a second rally but New York did not follow-through and profit-taking developed again which erased all the gains by the close, reports C. Czarnikow.

No. 4 Contract	Yest'day's close	Previous close	Business done
	£ per tonne		
Dec	178.25-78.75	189.50-82.00	182.50-78.50
Mar	187.50	190.25	189.60-87.00
May	192.75-	194.50-95.00	198.00-927.5

Sales: 4,176 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £278.00 (£277.25) a tonne for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for Oct 4: Daily price 10.06 (9.86); 15-day average 9.24 (0.23).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 142 tonnes. Moderate trading developed with Central and South American growths in request. Users also wanted East and West African varieties.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 550.0, 552.0, 552.0; Dec 562.0, 564.0, 563.1-563.0; March 581.0, 582.0, 582.0; May 592.0, 595.0, 592.0; July 605.0, 606.0, 606.0; Oct 601.0, 604.0, 602.0; Dec 511.0, 614.0, untraded; March 621.0, 628.0, untraded. Sales: 25.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer seller, business). New Zealand cents per kg. Oct 425, 429, 427; May 436, 437, 437-436; Aug 448, 449, 450; Oct 449, 450, 451-450; Dec 454, 456, 456; Jan 460, 462, 460; March 470, 472, 470. Sales: 166.

INDICES

FINANCIAL TIMES

Oct. 4	Oct. 5	M'th ago	Y'ar ago
284.46	286.44	298.22	237.76

(Base: July 1 1952=100)

REUTERS

Oct. 5	Oct. 4	M'th ago	Y'ar ago
1886.1	1894.5	1911.8	1501.0

(Base: September 18 1931=100)

MOODY'S

Oct. 4	Oct. 5	M'th ago	Yearago
1041.5	1046.1	1060.7	955.5

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Oct. 4	Oct. 5	Month ago	Year ago
Spot	138.99	130.58	146.55	119.74
Fut's	144.52	144.62	152.08	127.96

(December 31 1931=100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: —Scotch killed sides 80.0 to 86.0. Veal —Dutch hinds and ends 144.5 to 148.0. Lamb — English small 59.0 to 64.0, medium 58.0 to 62.0, heavy 56.0 to 58.0. Imported: New Zealand PL 59.5 to 60.0, PX 57.0 to 57.5. Pork—English under 100 lb 37.0 to 55.5, 100-120 lbs 47.0 to 53.5, 120-160 lb 41.0 to 53.0.

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £4.00-7.00, codlings £3.00-4.40; large haddock £3.50-4.40, medium £2.80-3.60, small £1.60-2.60; medium plaice £4.80-5.40, best small £3.80-4.40; skinned dogfish, large £11.00, medium £7.50; lemon sole, best £9.60, small £6.00; rockfish £2.80-4.00; saithe £2.40-2.70.

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 95.98p per kg lw (+0.77). GB—Sheep 123.02p per kg est dcw (-1.39). GB—Pigs 73.74p per kg lw (-3.17).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce. Clausellinas — Spania: 9.00-9.50. Tangerines—Brazilian: Honey, tray 5.80-6.00. Oranges—Outspan: Valencia Lates 40 6.00, 48 5.80, 56 7.70, 72 7.55, 88 7.40, 112 5.40, 138 5.10, 150 9.10; Brazilian: Valencia Lates 6.00-6.50. Lemons—Outspan: carton 9.00-12.00, small sizes 6.00-8.00; Italian: carton 7.50-8.50; Turkish: 7.00-8.00; Cypriot: trays 6.50-9.80. Grapefruit—Outspan: 27 5.70, 32 6.70, 36 9.50, 40 9.80, 48 7.40, 56 7.40, 64 7.40, 72 5.00; Honduras: box 6.00-6.50; Dominican: 0.80-6.60; Cuban: 4.80-5.00. Apples—French: Golden Delicious (new crop) carton 5.80-6.00, half carton 2.90-3.00. Granny Smith carton 9.50-9.80, half carton 4.80-5.00, Starkcrimson, carton 7.00-7.40. Pears—French: per pound, Williams 0.14-0.18; Italian: Williams 0.16-0.20. Grapes—Italian: per pound, Italia 0.30-0.34; Spanish: Italia 0.30-0.35, Almeria 0.20-0.22, Napoleon 0.28-0.30. Nectarines—Italian: large trays 7.00. Plums—Italian: per pound, Stanley 0.14-0.15, President 0.20-0.25; Romanian: Blue 0.15. Watermelons—Spanish: 15 kg 2.00-2.40. Melons—Spanish: Yellow 10 kg 3.00-3.60.

AMERICAN MARKETS

NEW YORK, October 5

Constructive stillation statistics led to a strong opening in heating oil prices; trade selling appeared midday pressing the market to its lows from which it recovered on local buying for a strong close. A late rally carried the precious metals from heavy early losses to net gains for the day; the strength was due to profit-taking which led to short-covering followed by technical buying. Copper prices were very strong on the close as commission house buying and technical trading carried the market to new highs in the present recovery. Sugar prices closed basically unchanged as speculative buying was offset by trade and producer hedging in the wake of higher crop estimates from West Europe. A late short-covering rally advanced soyabeans to their best levels. Maize and wheat rose in sympathy on local short-covering finishing moderately higher. Coffee opened higher which triggered trade selling and profit-taking; local buying strengthened the market and carried it towards a strong close. Cocoa suffered from low volume with light manufacturer buying and pricing moving the prices higher on the close. Cotton rallied sharply with the strength in soyabeans on local and commission house buying and finished very strong, reports Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2063	2065	2015	1993
March	2085	2086	2039	2019
May	2100	2100	2080	2048
July	2114	2114	2090	2049

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	141.24	142.00	140.25	141.02
March	136.27	135.75	135.45	136.40
May	132.41	132.56	131.50	132.30
July	129.50	—	128.75	129.33
Sept	127.25	127.50	126.50	127.50
Dec	125.25	125.25	125.00	125.20
March	123.63	124.00	123.50	123.13

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	64.75	65.05	64.70	64.60
Nov	65.20	—	—	64.45
Dec	65.85	66.25	65.00	65.10
Jan	66.50	56.60	66.40	65.70
March	67.85	68.25	67.00	67.10
May	69.15	69.55	68.35	68.40
July	70.50	70.70	69.65	69.70
Sept	71.85	72.25	70.85	71.60
Dec	73.85	74.00	73.15	73.00
Jan	74.50	74.40	74.40	73.65

COTTON 50,000 lb, cents/lb

	Latest	High	Low	Prev
Oct	76.15	76.40	76.40	74.85
Dec	78.00	78.15	77.00	76.63
March	79.50	79.50	78.36	78.20
May	80.20	80.25	78.40	79.10
July	80.60	80.00	70.70	79.50
Oct	75.50	75.60	75.50	74.85
Dec	74.00	74.50	74.15	74.20

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	397.2	397.5	386.5	393.8
Nov	399.1	398.0	398.0	395.5
Dec	402.3	403.4	391.0	398.8
Feb	408.7	409.8	397.5	405.2
April	416.1	416.5	404.0	411.5
June	421.7	420.0	410.0	418.2
August	428.8	427.0	417.0	425.1
Oct	435.5	433.0	425.0	432.1
Dec	442.0	443.0	431.0	433.4
Feb	450.3	441.5	441.3	—
April	457.8	449.0	446.0	—
June	465.4			—

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallon

	Latest	High	Low	Prev
Nov	80.00	82.25	80.70	80.50
Dec	82.40	83.50	81.80	81.80
Jan	82.35	83.50	81.70	81.80
Feb	81.25	82.40	81.20	80.95
March	79.10	80.35	79.00	79.00
April	78.05	78.05	78.05	77.00
May	77.00			77.30

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	119.50	118.80	115.45	115.30
Jan	114.70	115.80	114.70	114.50
March	112.40	113.00	112.40	112.50
May	111.60	112.10	111.50	112.20
July	111.30	112.00	111.40	111.60
Sept	111.40	—	—	111.70
Nov	110.10	—	—	110.50
Jan	110.00	—	—	110.45
March	110.00	—	—	110.45

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	400.9	401.0	386.0	391.3
Dec	407.1	—	—	396.1
Jan	409.1	411.5	393.5	400.1
April	415.7	418.0	—	408.7
July	423.5	422.0	408.5	414.6
Oct	431.5	—	420.0	422.5
July	423.5	—	408.5	414.6

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	1036.3	1036.0	989.0	1011.5
Dec	1050.0	1053.0	992.0	1026.0
Jan	1056.0	—	1005.0	1034.5
March	1075.3	1077.0	1017.0	1052.0
May	1093.6	1095.0	1040.0	1070.5
July	1111.9	—	1050.0	1089.0
Sept	1130.2	—	1085.0	1108.0
Dec	1159.5	1163.0	—	1136.0
Jan	1169.1	—	—	1146.0
March	1189.2	—	1163.0	1165.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	11.00	11.05	10.73	10.98
March	11.64	11.55	11.21	11.44
May	11.79	11.90	11.58	11.79
July	12.06	12.16	11.90	12.08
Sept	12.26	12.38	12.16	12.30
Oct	12.44	12.55	12.30	12.47
Jan	12.63	12.86	12.60	12.56
March	12.77	—	—	12.70

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	61.15	61.20	60.60	60.85
Dec	60.95	61.60	60.75	61.10
Feb	65.62	61.25	60.50	61.10
April	63.00	63.55	62.75	63.35
June	64.97	65.47	64.72	65.37
Aug	64.06	64.50	63.75	64.40

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	42.10	42.15	41.00	41.10
Dec	41.87	41.95	40.75	40.82
Feb	44.95	45.00	43.70	44.02
April	45.20	45.20	44.25	44.58
June	50.42	50.50	49.55	49.85
July	52.15	52.25	51.50	51.95
Aug	51.50	51.60	50.90	51.10
Oct	50.60	50.80	50.62	50.65
Dec	52.45	52.45	52.30	52.35

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	350.6	351.4	343.4	346.6
March	353.0	353.2	346.5	350.3
May	354.8	355.0	348.4	352.4
July	352.5	353.5	347.0	350.2
Sept	327.4	327.4	322.0	325.0
Dec	304.4	305.0	—	301.3

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	59.47	59.47	57.40	57.47
March	59.75	59.75	57.60	57.75
May	61.60	61.60	59.50	59.58
July	62.42	62.57	60.45	60.57
Aug	60.80	61.60	59.50	59.60

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	838.0	840.0	816.0	829.0
Jan	852.0	854.0	830.0	840.4
March	863.0	866.0	841.4	852.2
May	862.0	864.0	843.0	853.4
July	858.0	859.0	836.0	849.0
Aug	831.0	836.9	813.0	821.0
Sept	756.0	759.5	747.0	751.2
Nov	685.0	687.0	674.0	680.4

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	30.15	30.23	29.40	29.93
Dec	30.45	30.95	29.78	30.65
Jan	30.50	30.85	29.90	30.57
March	30.25	30.40	29.65	30.26
May	29.56	29.70	29.05	29.60
July	28.75	28.76	28.20	28.85
Aug	27.60	27.50	27.00	27.03
Sept	25.95	26.25	25.90	26.00
Oct	24.70	25.00	24.10	24.78
Dec	24.25	24.25	23.90	24.23

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	227.0	227.0	221.0	224.5
Dec	232.0	232.8	226.0	229.2
Jan	233.0	233.5	227.9	230.3
March	234.0	235.5	228.5	232.0
May	235.0	235.0	228.0	233.0
July	236.0	236.5	229.5	234.0
Aug	230.0	230.0	223.5	226.5
Sept	220.0	220.0	214.0	219.5
Oct	200.0	199.0	193.0	203.0
Dec	202.0	202.0	182.0	199.0

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	388.4	389.0	385.4	386.4
March	383.0	383.4	380.4	381.4
May	389.0	390.0	386.0	387.5
July	379.4	380.2	377.0	379.0
Sept	387.2	387.4	385.0	387.2
Dec	389.0	399.0	396.0	399.0

SPOT PRICES—Chicago loose lard 19.00 (20.00) cents per pound. New York tin 582.0-88.0 (578.0-85.0) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak. but sterling recovers

The dollar and sterling opened very weak against Continental currencies and the yen, but while the pound slowly recovered to finish little changed against most major units, the dollar tumbled sharply in the U.S. after a slight upward trend in Europe for most of the day.

Interest rate trends had a depressing influence on both the dollar and sterling, with the pound also suffering from speculation that overproduction of oil, and high oil stock levels around the world, may lead to lower prices.

Selling of the dollar on the International Monetary Market in Chicago, as the U.S. currency hit certain chart points, was a major factor behind the weakness on Tuesday and dealers reported that once again the dollar was being sold on the IMM after the London close.

DOLLAR — Trade-weighted index (Bank of England) 126.1 against 122.4 six months ago. The dollar has retreated from the peaks touched in August, amid growing hopes that a sustained fall may be imminent following several weeks of good U.S. M1 money supply figures. An easing of Federal Reserve monetary policy, leading to lower U.S. interest rates, has been anticipated for some time, but previous disappointments will encourage some caution.

The dollar fell to DM 2.60 from DM 2.6250 against the D-mark; FFr 7.9450 from FFr 8.0075 against the French franc; SwFr 2.1030 from SwFr 2.1150 in terms of the Swiss franc; and Y233.25 from Y233.95 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. September average 1.4991. Trade-weighted index 82.6 against 82.6 at noon, 82.4 at the opening, 82.7 at the previous close, and 80.3 six months ago. The pound has tended to weaken recently, although the decline against Continental currencies is probably welcomed, and has not prevented the long awaited cut of ½ per cent in London clearing bank base rates.

Sterling opened at $1.4800-1.4810, and traded within a range of $1.4780-1.4900, before closing at $1.4860-1.4870, a rise of 1.15 cents on the day. The pound eased to DM 3.8675 from DM 3.8750, was unchanged at FFr 11.81, but improved to SwFr 3.13 from SwFr 3.1225, and to Y347 from Y345½.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. September average 2.6683. Trade weighted index 127.3 against 131.0 six months ago. Until the recent easing of U.S. M1 money supply, the D-mark had been at its lowest level against the dollar for nearly 10 years, reflecting the large differential between U.S. and German interest rates. However, there now appears to be a gradual shift in emphasis towards economic fundamentals with the D-mark looking increasingly attractive on this basis.

The dollar was weaker at yesterday's fixing in Frankfurt without any intervention by the Bundesbank at DM 2.5865 from DM 2.6295. This was the lowest fixing level since late July and reflected a softer tone in Far Eastern markets. Sterling was lower at DM 3.856 from DM 3.879 and the Swiss franc lost ground to DM 1.2386 from DM 1.2405.

BELGIAN FRANC — Trading range against the dollar in 1983 is 54.49 to 45.90. September average 53.83. Trade-weighted index 90.8 against 94.9 six months ago. The Belgian franc is coming under increased pressure within the EMS as the D-mark starts to appreciate. This is principally a result of the weaker dollar with currencies like the D-mark proving to be more attractive than weaker members such as the Belgian franc and Italian lira.

The Belgian National Bank spent the equivalent of BFr 6.1bn in the week up to Monday in defence of the Belgian franc. This was down from the previous week's figure of BFr 9.2bn, although the Belgian franc continued to lose ground and was placed well outside its divergence limit. The franc's current weakness has given rise to speculation that the authorities may increase the official discount rate as a defensive measure although there was no such move after yesterday's meeting of the central bank.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.8782	+2.18	+1.86	±1.5447
Danish Krone ...	8.14104	8.14646	+0.07	−0.25	±1.6425
German D-Mark	2.24184	2.25105	+0.41	+0.09	±1.0642
French Franc ...	6.87456	6.87697	+0.04	−0.28	±1.4052
Dutch Guilder ...	2.52595	2.52425	−0.07	−0.39	±1.4984
Irish Punt ...	0.72569	0.725558	−0.02	−0.34	±1.6699
Italian Lira ...	1403.49	1364.53	−2.78	−2.78	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Oct. 6	£	$		£ Note Rates
Argentina Peso...	*19.75-19.79	10.80-15.35	Austria	20.80-27.30
Australia Dollar...	1.6390-1.6410	1.1040-1.1048	Belgium	79.70-80.50
Brazil Cruzeiro...	1,119.86-1,125.25	754.0-758.0	Denmark	13.86-14.00
Finland Markka...	8.4000-8.4180	0.6866-5.6286	France	11.75-11.85
Greek Drachma...	136.60-137.15	92.00-92.30	Germany	0.84-3.88
Hong Kong Dollar	12.70-12.86	8.50-8.07	Italy	2320-2350
Iran Rial	128.10*	86.95*	Japan	343-348
KuwaitDinar(KD)	0.4340-0.4345	0.29282-0.29245	Netherlands	4.29½-4.33½
Luxembourg Fr.	78.70-78.80	52.95-52.97	Norway	10.78-10.88
Malaysia Dollar...	3.4775-3.4875	2.3440-2.3460	Portugal	182-195
New Zealand Dlr.	2.2496-2.2545	1.5150-1.5175	Spain	219¼-229
Saudi Arab. Riyal	5.1675-5.1705	3.4810-3.4815	Sweden	11.48-11.68
Singapore Dollar	0.1680-0.1750	2.1340-2.1050	Switzerland	0.10½-3.13½
S th.African Rand	1.6595-1.6620	1.1168-1.1180	United States	1.47½-1.49½
U.A.E. Dirham...	5.4300-5.4345	5.6720-5.6730	Yugoslavia	178-188

* Selling rates.

CURRENCY MOVEMENTS

Oct. 6	Bank of England Index	Morgan Guaranty Changes %
Sterling	88.6	−8.7
U.S. dollar	126.1	+14.8
Canadian dollar	98.0	+1.1
Austrian schilling	117.7	+5.8
Belgian franc	90.8	−11.3
Danish kroner	80.5	−4.7
Deutsche mark	127.3	+8.1
Swiss franc	152.8	+13.7
Guilder	118.7	+5.3
French franc	67.6	−14.6
Lira	50.1	−11.1
Yen	152.9	+10.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Oct 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.714686	0.582859
U.S. $	8½	1.06231	0.865953
Canadian$	9.49	*	1.06608
Austria Sch	3¾	19.3914	15.8036
Belgian F	9	56.2254	45.8782
Danish Kr	7½	9.98465	8.14646
D mark	4	2.76829	2.25105
Guilder	0	3.09298	9.52485
French F	9½	8.42784	0.97597
Lira	17	1572.87	1364.53
Yen	0½	245.935	201.741
Norwgn Kr	8	7.75805	6.52146
Spanish Pta	—	160.249	130.585
Swedish Kr	8½	8.25840	5.74018
Swiss Fr	4	8.99660	1.81885
Greek Dr'ch	20½	97.9875	79.8582

* CS/SDR rate for Oct 4: 1.30303.

THE POUND SPOT AND FORWARD

Oct 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4780-1.4900	1.4860-1.4870	0.01cpm-0.04dis	−0.12	0.05-0.10dis	−0.20
Canada	1.8225-1.8325	1.8290-1.8300	0.07c pm-0.03 dis	0.13	0.07pm-0.03d	0.04
Nethlnd.	4.30½-4.34	4.33-4.34	1½-1¼c pm	3.81	3⅞-3⅝ pm	3.34
Belgium	78.30-78.85	78.70-78.80	2c pm-8 dis	−0.46	5-15 dis	−0.51
Denmark	13.91-14.00	13.95¾-13.96¾	0.40-1.35ore dis	−0.75	2.05-3.15dis	−0.74
Ireland	1.2360-1.2480	1.2460-1.2470	0.30-0.40p dis	−3.37	0.85-1.00dis	−2.97
W. Ger.	3.84-3.87½	3.86¼-3.87¼	1½-1pf pm	3.88	3¾-3½ pm	3.49
Portugal	183.00-184.75	183.75-184.25	160-420c dis	−18.91	670-1200dis	−20.33
Spain	222.25-224.75	224.25-224.50	225-305c dis	−14.17	675-835dis	−13.46
Italy	2,334-2,345	2,340½-2,342½	15½-17½ lire dis	−8.46	49½-53½dis	−8.80
Norway	10.80-10.86	10.84¾-10.85¾	3.65-4.25ore dis	−4.37	10.70-11.45d	−4.08
France	11.75-11.82	11.80½-11.81½	3½-4½c dis	−4.06	16½-17½dis	−5.76
Sweden	11.51-11.58	11.57-11.58	2.15-2.65ore dis	−2.49	7.75-8.40dis	−2.79
Japan	343-348	346½-347½	0.90-0.70y pm	2.77	2.45-2.25 pm	2.71
Austria	27.00-27.25	27.17-27.22	8¼-7gro pm	3.47	25½-20¼ pm	3.35
Switz.	3.10½-3.14	3.12½-3.13½	1½-1¼c pm	5.75	4½-4¼ pm	0.58

Belgian rate is for convertible francs. Financial franc 80.20-80.30. Six-month forward dollar 0.13-0.18c dis, 12-month 0.36-0.46c dis.

THE DOLLAR SPOT AND FORWARD

Oct 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4780-1.4900	1.4860-1.4870	0.01cpm-0.04dis	−0.12	0.05-0.10dis	−0.20
Ireland†	1.1920-1.1985	1.1975-1.1985	0.32-0.27c pm	2.57	0.88-0.78 pm	2.78
Canada	1.2305-1.2320	1.2310-1.2315	0.03-0.01c pm	0.19	0.08-0.05 pm	0.21
Nethlnd.	2.9075-2.9170	2.9150-2.9170	0.95-0.85c pm	3.71	2.63-2.53 pm	3.54
Belgium	52.85-53.02	52.95-52.97	par-2c dis	−0.23	2-5 dis	−0.26
Denmark	9.3900-9.4030	9.3900-9.3950	0.20-0.70ore dis	−0.57	1.00-1.50dis	−0.53
W. Ger.	2.5880-2.6045	2.5995-2.6005	0.86-0.81pf pm	3.86	2.50-2.45 pm	3.81
Portugal	123.60-124.30	124.00-124.30	110-280c dis	−18.88	450-800dis	−20.19
Spain	150.60-151.05	150.80-150.90	165-195c dis	−14.30	485-565dis	−13.64
Italy	1,573½-1,576½	1,574¼-1,576¼	11-11¾ lire dis	−8.67	34-35 dis	−8.76
Norway	7.2980-7.3050	7.3000-7.3050	2.40-2.70ore dis	−4.19	6.90-7.20dis	−3.86
France	7.9025-7.9600	7.9425-7.9475	2.40-2.60c dis	−3.78	10.50-11.00d	−5.42
Sweden	7.7730-7.7925	7.7875-7.7925	1.40-1.60ore dis	−2.31	4.90-5.10dis	−2.57
Japan	231.80-233.45	233.20-233.30	0.59-0.54y pm	2.91	1.70-1.65 pm	2.87
Austria	18.22-18.29	18.26-18.27	0.90-5.30gro pm	3.67	16.50-14.50pm	3.39
Switz.	2.0930-2.1050	2.1025-2.1035	1.10-1.05c pm	6.13	3.07-3.02 pm	5.79

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.95-54.00.

EXCHANGE CROSS RATES

Oct. 6	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.487	0.868	347.0	11.81	3.130	4.555	2342.	1.830	78.75
U.S. Dollar	0.673	1.	2.603	233.4	7.945	2.106	2.910	1075.	1.231	52.99
Deutschemark	0.259	0.384	1.	89.72	0.054	0.809	1.121	605.4	0.473	20.36
Japanese Yen 1,000	2.882	4.284	11.10	1000.	34.03	8.020	12.49	0748.	5.272	229.9
French Franc 10	0.847	1.259	0.275	293.8	10.	2.650	3.671	1983.	1.549	66.68
Swiss Franc	0.319	0.476	1.230	110.9	0.773	1.	1.385	748.1	0.585	25.19
Dutch Guilder	0.251	0.343	0.892	80.05	2.724	0.722	1.	540.1	0.422	18.17
Italian Lira 1,000	0.427	0.630	1.652	148.2	5.044	1.337	1.851	1000.	0.781	33.65
Canadian Dollar	0.547	0.813	9.114	189.7	0.455	1.711	2.369	1280.	1.	43.04
Belgian Franc 100	1.270	1.888	4.911	440.6	15.00	0.975	5.500	2976.	2.320	100.

FINANCIAL FUTURES

Firmer trend

Prices were mostly firmer in the London International Financial Futures Exchange yesterday. The December Euro-dollar price opened at 90.38 up from 90.32 and touched a high of 90.43 before closing at 90.39. Early gains reflected a firmer tone to previous trading in the U.S. with sentiment improved later in the day by the possibility of the Fed adding reserves. The current Federal fund rate of around 9¼ per cent appears to have been accommodated to a certain extent with the market accepting the higher rate as part of a technical shortage of short term funds.

A truer rate may not be reflected for another week according to some sources and there will be little clear indication of any change in Fed policy until then and after this week's meeting of the Federal Open Market committee.

Gilt prices were also firmer. The December price opened at 107-12 up from 107-05 on Tuesday and touched a high of 107-24 before slipping a little towards the close to 107-17. The late fall was partly a result of profit taking with some nervousness creeping in as the market paused for breath. Sentiment remained bullish however

Trading in three-month sterling deposits was confined to a narrow range with little inspiration provided by a virtually static cash market. The market was obviously wary of sterling's weaker performance although this was not reflected by any large scale movement. The December price opened at 90.72 up from 90.70 and traded within a narrow 3 point spread before closing at 90.71.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.39	90.43	90.37	90.32
March	90.05	90.08	90.03	89.98
June	89.79	89.83	89.78	89.74
Sept	89.56	89.56	89.54	89.49
Dec	89.31	—	—	89.24

Volume 2,130 (1,100)
Previous day's open int 6,818 (6,831)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.71	90.73	90.70	90.70
March	90.47	90.42	90.39	90.37
June	90.19	90.20	90.19	90.14
Sept	89.89	—	—	89.84
Dec	89.85	—	—	89.80

Volume 655 (823)
Previous day's open int 5,157 (4,863)

20-YEAR 12% NATIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	107-17	107-24	107-05	107-05
March	107-03	—	—	106-23
June	106-21	—	—	106-09
Sept	106-07	—	—	105-27
Dec	105-26	—	—	105-13

Volume 2,888 (2,440)
Previous day's open int 3,219 (3,104)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 12 to 22 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4850	1.4882	1.4815	1.4770
March	1.4860	1.4880	1.4860	1.4780
June	1.4870	—	—	1.4792

Volume 476 (262)
Previous day's open int 1,082 (1,017)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3874	0.3884	0.3872	0.3833
March	0.3908	—	—	0.3867
June	0.3941	—	—	0.3900

Volume 110 (63)
Previous day's open int 485 (481)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4817	0.4821	0.4807	0.4778
March	0.4874	—	—	0.4831
June	0.4935	—	—	0.4858

Volume 25 (30)
Previous day's open int 124 (118)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4312	0.4333	0.4311	0.4300
March	0.4342	—	—	0.4332
June	0.4377	—	—	0.4367

Volume 13 (41)
Previous day's open int 199 (206)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	72-31	73-06	72-24	72-17
March	72-14	72-20	72-07	71-31
June	71-31	72-05	71-25	71-17
Sept	71-19	71-25	71-14	71-05
Dec	71-09	71-14	71-03	70-27
March	71-01	71-02	70-27	70-19
June	70-26	70-26	70-22	70-12
Sept	—	—	—	70-06
Dec	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.20	91.22	91.16	91.11
March	90.80	90.82	90.76	90.71
June	90.54	90.56	90.50	90.45
Sept	90.30	90.32	90.28	90.23
Dec	90.10	90.10	90.07	90.03
March	89.91	89.91	89.91	89.85
June	89.71	—	—	89.67
Sept	89.52	—	—	89.49

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.51	90.55	90.49	90.47
March	90.13	90.13	90.08	90.05
June	89.87	89.87	89.81	89.77
Sept	89.58	89.58	89.54	89.50
Dec	—	—	—	—
March	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.11	90.15	90.08	90.06
March	89.75	89.79	89.73	89.68
June	89.48	89.53	89.43	89.43
Sept	89.21	89.26	89.20	89.12
Dec	88.98	89.00	88.99	89.95
March	88.77	88.80	88.77	88.72

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	1.4920	1.4950	1.4840	1.4770
March	1.4930	1.4950	1.4850	1.4780
June	1.4950	1.4950	1.4935	1.4805
Sept	1.4960	1.4960	1.4935	1.4825
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	69-01	69-12	68-30	68-29
March	68-04	68-13	68-00	68-00
June	67-14	67-21	67-10	67-09
Sept	66-29	67-04	66-25	66-24
Dec	66-15	66-16	66-13	66-10
March	—	—	—	—
June	65-23	65-23	65-23	65-20
Sept	—	—	—	65-12
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

MONEY MARKETS

London rates slightly easier

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

Short-term interest rates eased further on the London money market yesterday, as the pound gained ground against the dollar but continued to decline in terms of Continental currencies.

The Bank of England forecast a day-to-day credit shortage of £550m, but this was later revised to £700m, and the authorities provided total help on the day of £728m.

Exchequer transactions added £102m to market liquidity, but this was outweighed by bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender of £203m, while the unwinding of bill repurchase agreements drained £387m, and a rise in the note circulation of another £72m.

Before lunch the Bank of England bought £546m bills outright through purchases of £13m bank bills in band 1 (up to 14 days maturity) at 9 1/16 per cent; £93m bank bills in band 2 (15-33 days) at 9 per cent; £69m bank bills in band 3 (34-63 days) at 8 15/16 per cent; £20m local authority bills in band 4 (64-91 day) at 8⅞ per cent; and £351m bank bills in band 4 at 8⅞ per cent.

In the afternoon another £182m bills were purchased by way of £8m Treasury bills in band 1 at 9 1/16 per cent; £1m bank bills in band 1 at 9 1/16 per cent; £134m bank bills in band 2 at 9 per cent; and £39m bank bills in band 3 at 8 15/16 per cent.

In Frankfurt the German Bundesbank will hold its regular fortnightly council meeting today. No Press conference will follow the meeting, and no change in credit policies is expected. A month ago the council increased the Lombard rate by ½ per cent to 5½ per cent, and despite a subsequent easing of U.S. interest rates, German rates are not expected to show any major change in the immediate future because of problems with above target domestic money supply.

LONDON MONEY RATES

Oct. 5 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-9⅛	9	—	—	7⅛-9¼	5-9¼	—	—	—
2 days notice	—	—	9⅛-9¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼-9½	—	—	—	—
7 days notice	—	9⅛-9¼	9¼	—	—	—	9	—	—	—
One month	9 1/16-9 3/16	9¼-9⅜	9¼	9¾-9⅜	9¼	9⅜	9	9 1/32-9 1/16	9 1/16	9 11/32
Two months	9 3/16-9 1/16	9¼-9⅜	9⅜	9¾-9⅜	9¼	9⅜	8⅞-9	8 31/32-9	9 1/32	9 11/32
Three months	9 1/16-9 3/16	9 3/16-9 5/16	9⅜	9¾-9⅜	9⅜	9⅜	8¾-9	8⅞-8 31/32	8 31/32	9 7/32
Six months	9⅜-9¼	9 3/16-9 5/16	9½	9⅛-8¾	9½	—	—	—	8 15/16-9	9 7/16
Nine months	9⅛-9⅜	9 5/16-9¼	9½	9⅛-9½	9 11/16	—	—	—	—	—
One year	9½-9⅝	9 11/16-9⅞	9¾	9⅛-9½	9⅞	—	—	—	—	—
Two years	—	—	10⅜	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period September 7 to October 4 1983 (inclusive) 9.719 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 10⅞ per cent; five years 11 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8 29/32-8 15/16 per cent; four months trade bills 9 9/32 per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8⅞-8 29/32 per cent and three months 8 13/16-8 27/32 per cent. Approximate selling rate for one-month bank bills 9 per cent; two months 8 15/16 per cent and three months 8⅞ per cent; trade bills 9 11/32 per cent; two months 9 11/32 per cent and three months 9 7/32 per cent.

Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from October 1, 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills Average tender rates of discount 8.9660 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¾ per cent from October 0. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

Oct. 6	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	8⅞-9⅛	8⅞-9⅛	9¼-9⅜	9 5/16-9 7/16	9½-9⅝	9 11/16-9 13/16
U.S. Dollar	9¼-9½	9⅜-9⅝	9¼-9⅜	9⅜-9⅝	9½-9¾	9¾-10
Can. Dollar	8¾-9¼	8¾-9¼	9-9¼	9⅛-9⅜	9⅛-9⅜	9⅝-9⅞
D. Guilder	5¼-5¾	5⅛-5⅝	5 11/16-5 13/16	5⅝-5⅞	5 13/16-6 1/16	5⅝-6⅛
S. Franc	2⅜-2⅝	2¼-2½	3⅜-3⅝	3⅞-4	4⅛-4¼	4¼-4⅝
Deutschm'rk	5⅛-5⅜	5⅛-5⅜	5 1/16-5 3/16	5¼-5⅜	5⅞-6	6 1/16-6 3/16
Fr'nch Franc	12⅛-12⅝	12½-12¾	13-13¼	14¼-15	15⅞-16⅛	16⅛-16½
Italian Lira	15¾-16¾	16-17½	17½-18¼	18-18½	18⅜-18⅞	18¾-19⅜
Belg. Franc Conv.	7¼-8	8¼-8¾	9¼-9¾	9⅛-10	9¾-10¼	10-10½
Fin.	7⅛-8	8⅛-8¾	8⅞-9⅛	9⅜-9⅝	9¾-10	10-10¼
Yen	5 1/16-5 5/16	5 5/16-6 1/16	6 1/16-6 5/16	6⅝-6¾	6⅝-6¾	6 11/16-6 13/16
D. Krone	13½-14	11¾-12¼	11-11⅞	10¾-11¼	11⅜-11⅞	10¾-11¼
Asia $ (Sing.)	9 3/16-9 5/16	9⅜-9⅝	9⅜-9⅝	9½-9⅝	9⅜-9⅝	9 13/16-10 1/16

FT LONDON INTERBANK FIXING

(11.00 a.m. OCTOBER 5)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 7/16	offer 9 9/16	bid 9 9/16	offer 9 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9¼
Treasury bills (13-week)	8.59
Treasury bills (26-week)	8.81

GERMANY

Lombard	5.5
Overnight rate	5.55
One month	5.775
Three months	5.125
Six months	6.175

FRANCE

Intervention rate	12.25
Overnight rate	12.625
One month	12.625
Three months	12.625
Six months	12.75

JAPAN

Discount rate	5.5
Call (unconditional)	6.71875
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4
Overnight rate	1½-2¼
One month	3 1/16-3 5/16
Three months	3⅞-4

NETHERLANDS

Discount rate	5
Overnight rate	5½-5¾
One month	5¾-5⅞
Three months	6-6⅛
Six months	6¼-6⅜

$ CERTIFICATES OF DEPOSIT

One month	9.20-9.30
Three months	9.25-9.35
Six months	9.40-9.50
One year	9.70-9.50

LONG TERM EURO $

Two years	10⅞-11⅛
Three years	11⅛-11⅜
Four years	11¼-11½
Five years	11¾-12

SDR LINKED DEPOSITS

One month	8 13/16-8 15/16
Three months	9 1/16-9 3/16
Six months	9¼-9⅜
One year	9 9/16-9 11/16

ECU LINKED DEPOSITS

One month	8 13/16-8 15/16
Three months	9⅛-9⅜
Six months	9½-9⅝
One year	9 13/16-10 1/16

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 5.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	94¾	95¼	+0⅛	+0½	11.35
Bank of America 8 88 XW	150†*	86⅝	87⅛	+0⅝	+0⅝	11.94
Bank of Tokyo Hold 11 90	100	95⅝	95⅝	+0½	+0¼	11.97
British Col Hyd 10¾ 88	200	97⅛	97⅞	+0⅛	+0½	10.91
C.C.C.E. 11¾ 87	100	94¾	95¼	+0⅛	+0½	12.50
Can Imp Bk Com 11 90	75	92½	93½	+0⅛	0	12.50
Citicorp O/S 10⅞ 90	100	92¾	93¾	+0⅛	+0⅛	11.91
Coca Cola Int 9⅞ 92	100	93	93½	−0⅛	−0¼	11.10
Cred Suisse BAH 10½ 90	150†	97	97½	+0⅝	+0¼	11.08
Credit Suisse 10½ 89	100†	99	99½	−0½	−0⅜	10.85
Den Norsk Cred 11¼ 93	50	93⅞	94⅜	+0⅛	0	12.30
Du Pont 11⅛ 95	150	99⅝	100⅛	+0½	+0⅛	11.25
E.C.S.C. 11⅛ 90	75	100	100⅝	+0⅛	+0⅛	11.00
E.D.C. 10¾ 88	100	97⅝	98⅛	+0⅛	0	11.37
E.D.C. 11¾ 87	100	101⅛	101⅝	+0½	0	11.30
E.D.F. 11⅛ 93	100	93⅝	94¼	+0⅛	+0¼	12.22
E.E.C. 11 87	350	99⅛	99⅝	+0½	+0⅝	11.10
E.I.B. 10¾ 93	200	93	93½	+0¼	+0¾	11.94
E.I.B. 11 01	125	96	96½	+0⅛	+0⅛	11.75
Electrolux 10½ 90	50	91⅝	92⅛	+0¼	0	12.33
Enserch Fin 11⅝ 93	100	96⅝	96⅞	+0¼	+0½	12.21
Fuji Int Fin 10⅞ 90	100†	93¾	94¾	+0¼	+0⅝	12.10
Gen Elec Credit 9¾ 91	100	92½	93	0	−0½	11.17
GMAC O/S Fin 10½ 90	200	96⅝	97⅛	0	+0⅛	11.10
Honeywell Int 10¾ 90	100	97¾	98⅛	+0⅛	0	11.14
Indust Bk Japan 10⅞ 88	100	97⅞	98¼	+0⅝	−0⅛	11.42
Japan Air Lines 10⅞ 88	42	93⅜	93⅞	0	−0⅛	11.79
Japan Air Lines 11 93	75	95⅜	95⅞	+0⅛	0	11.76
J. P. Morgan 11⅜ 90 WW	150	98¾	99¼	+0⅛	−0⅛	11.58
Levi Strauss Int 11 00	75	97⅜	97⅞	+0⅛	+0¼	11.50
L.T.C.B. 10¾ 90	100	94	94½	0	+0⅝	12.02
L.T.C.B. 12½ 88	85	102¾	103¾	+0⅛	+0¾	11.82
Merrill Lynch 10⅞ 90	200	95⅝	96⅞	+0⅛	−0⅛	11.35
Midland Int Fin 11½ 92	150	97⅞	98⅜	+0⅛	+0⅝	11.83
Mitsubishi Corp 10½ 90	100	94⅞	94⅜	+0⅛	+0¼	11.68
Mitsubishi Fin 11⅜ 90	100	96⅞	97⅜	+0⅜	+1¼	11.98
Nippon Credit 11 90	100	95½	95⅞	+0½	+0⅛	12.02
O.K.B. 10 91	100	91¼	91⅝	+0½	+0⅝	11.70
Ontario Hydro 10¾ 90	250	93½	94	+0⅝	+0⅝	11.63
Ontario Hydro 11⅛ 88	200	100⅛	100⅝	+0⅝	+0¼	11.14
Prudential O/S 10⅝ 93	100	95⅛	95⅝	+0⅛	+0¼	11.28
Prudential O/S 12¾ 87	150	104½	105	+0⅛	+0¼	11.21
Quebec Hydro 11½ 92	100†	96¾	97¼	+0⅛	−0⅛	12.04
Saskatchewan Pr 10¾ 90	125	95⅛	96⅝	+0¼	+0½	11.54
S.N.C.F. 11½ 93	100	96⅝	97⅛	+0⅝	+0⅝	12.08
Sth Cal Edison 10½ 90	75	97	97½	+0¼	+0½	11.08
Sumitomo Fin 10⅞ 90	100	94⅛	94⅝	+0⅛	+0⅛	12.12
Swiss Bk Corp 10¼ 90	250†	98½	99	+0¼	+0⅛	10.51
Texaco Capital 9¾ 90	150	94⅞	95⅛	0	0	10.87
U.B.S. 10 88	100	98¼	98¾	+0¼	+0⅝	10.39
U.B.S. 11 89	150	102⅛	102⅝	+0⅛	+0⅝	10.44
Westpac Int Fin 11 90	100†*	93	94	0	0	12.46
World Bank 10⅞ 88	150	97⅛	97⅝	+0⅝	+0⅝	11.11
World Bank 10⅞ 93	100	94⅞	95⅛	+0¼	+0⅛	11.75
World Bank 11¼ 88	100	99	99½	+0⅛	+0⅛	11.44
World Bank 11½ 90	150	98⅞	99⅜	+0⅝	+0⅝	11.67
World Bank 12 93	200	100½	101	+0⅝	+0¼	11.56

Av. price changes: on day +½, on week +¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7¾ 93	100	98½	99⅛	+0¼	+0⅝	7.44
A.M.A.S. 9¼ 88	100	99⅛	99⅝	0	+0½	8.40
Austria, Rep 7⅛ 00	100	99	99½	+0¼	+0⅛	7.78
Austria, Rep 8 93	100	100⅝	101⅛	+0⅝	+1⅛	7.84
Avon Int Fin 7½ 93	100	99⅜	99⅞	+0½	+0⅝	7.55
B.F.C.E. 8¼ 90	100	100⅝	101⅛	+1	+1⅛	8.04
Comp Tel Nac Esp 8¼ 93	100	95⅛	95⅞	+0⅛	+0⅝	8.95
Deutsche Bank 3¾ 91 WW	240	106½	107½	+0⅛	−0⅛	2.72
Deutsche Bank 3¾ 91 XW	240	81⅝	82⅛	+0⅛	+1	8.88
Dresdner Finance 4 90 WW	250	107½	108¼	+0⅝	−1⅞	2.70
Dresdner Finance 4 90 XW	250	83⅞	84⅝	+0¼	+0⅝	7.91
E.C.S.C. 8 00	160	100⅞	101⅜	+0⅝	+0⅝	7.77
E.E.C. 8¼ 93	250	101⅜	102⅛	+0⅝	+1⅛	7.88
Eurofima 7½ 00	100	99⅝	100⅝	+0⅝	+1⅜	7.49
Finland Rep 7½ 88	100	99⅝	99⅝	−0⅛	+0⅝	7.68
Int-Am Dev Bk 7¾ 93	200	95¾	96¼	+0½	+0⅝	8.37
Int Standard Ele 7¾ 93	100	99⅝	100⅛	+0½	+0½	7.76
Japan Dev Bank 7½ 90	100	100⅛	100⅝	+0⅛	+1	7.30
Kobe City 7 93	120	96⅛	96⅝	+0⅝	+1	7.50
L.T.C.B. 9 88	100	102	102½	+0⅛	+1	7.58
Renault Acceptance 9 90	150	98	98½	0	+0⅛	8.34
S.D.O. France 7⅞ 93	100	96¾	97¼	+0⅛	+0¼	8.35
Sth African Tran 8¼ 90	100	99	99½	+0¼	+0¼	8.39
Volkswagen Int 7¼ 93	200	97⅞	98⅜	+0½	+1⅛	7.51
World Bank 7½ 88	250	97½	98	+0⅝	+0⅝	7.84
World Bank 7½ 93	300	96¾	97¼	+1⅛	+1⅛	7.95

Av. price changes: on day +⅝ on week +⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100†	99	99¼	+0¼	0	5.74
Bank of Tokyo 6 91	100†	102¾	103	+0⅝	+1	5.54
Bergen, City of 6¼ 95	40*	100	100¼	+0¼	+0½	5.79
Carls-Tuborg Brw 6¼ 93	60†	101½	101¾	−0¼	0	5.52
Denmark 6⅝ 91	100†	102½	102¾	0	−0¼	5.94
E.D.C. 5⅝ 91	100†	100¼	100½	+0⅝	+0¼	5.31
E.I.B. 5⅝ 93	100†	98¾	99	−0¼	−0⅛	5.98
Ex-Im Bk Japan 5½ 91	100†	99	99¼	+0⅝	+0⅛	5.78
Ind Fund Finland 6¼ 91	40†	100⅝	101	−0⅛	−0⅛	5.10
Int-Am Dev Bk 6¼ 93	100†	100¼	100½	+0¼	−1⅛	6.07
Japan Dev Bank 5½ 93	100†	97¾	98	+0¼	0	5.79
Japan Dev Bank 5⅝ 93	100†	100	100¼	+0½	+0⅝	6.06
Kansai Elec Power 6 91	100†	102½	102¾	−0½	−0⅛	5.57
Kawasaki Steel 6⅛ 91	100†	101¾	102	+0⅝	+0⅝	6.01
Montreal Urban 5¾ 93	100†	101½	101¾	−0⅛	+0½	5.52
Mount Isa Finance 6 93	100†	103	103¼	+0⅛	+0½	5.57
Nisshin Steel 6⅛ 91	100†	100	100¼	0	0	6.22
Osterr Draukraft 6 93	100†	103	102¼	−0⅜	−0¼	5.78
Osterr Post 6½ 91	100†	102	102¼	−0⅝	−0⅝	5.77
Quebec Hydro 5½ 93	100†	100¼	100½	−0¼	0	5.44
Sekisui House 6 93	100*	100⅝	101	−0⅝	−0⅛	5.87
Sumitomo Heavy Ind 6 91	100†	99½	99¾	−0½	+0⅛	6.06
Sumitomo Metal Ind 6 91	100†	100¼	100½	−0¼	−0½	5.93
Tokyo Elec Power 5⅝ 01	100†	100½	100¾	+0¼	+0½	5.77
Tritec Corp 6¼ 91	100†	101½	101¾	+0½	+0¼	5.97
World Bank 5⅝ 93	100†	99½	99¾	+0⅛	+0¾	5.81

Av. price changes: on day 0, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	104¼	104⅝	−0⅛	+0⅛	7.91
E.I.B. 8¼ 92	15	102¾	102⅞	0	+0¼	7.81
Japan Airlines 7⅞ 87	8†	101⅝	102¼	−0¼	0	7.17
New Zealand 7⅞ 89	18	102	102½	0	+0½	7.14
World Bank 8⅝ 92	20	103⅜	103⅞	−0⅛	+0⅛	7.78

Av. price changes: on day −⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 90 CS	75†	98½	99	0	0	12.81
Norcen 12¾ 93 CS	60†	96½	97	0	+0½	13.34
TD MTG Corp 12½ 88 CS	40†	99¾	100¼	0	0	12.48
Quebec Hydro 12¾ 93 CS	50†	96¼	96¾	+0½	+0½	13.02
Quebec Province 12 93 CS	50†	99¼	99¾	−0⅜	0	12.16
Royal Trustco 12⅞ 88 CS	50†	99	99½	+0½	+0⅝	12.81
Xerox Canada 12 90 CS	40†	102	102½	−0⅜	+0½	11.36
E.E.C. 11¼ 93 ECU	70	100⅛	100⅝	0	−2	11.16
Svenska 11⅛ 91 ECU	40	98⅝	99⅛	−0⅛	−0¼	11.45
Algemene Bank 8⅝ 88 Fl	150	100⅝	101⅛	+0½	+0⅜	8.61
Bank Mees & Hope 8 88 Fl	75	101⅛	101⅝	+0½	+0⅛	8.84
Elect Supply 8¾ 88 Fl	75	98	98½	+0⅝	+1⅛	9.21
P.H.P. 8¾ 88 Fl	50	100⅛	100⅝	+0⅛	+0⅛	8.64
Swed Exp Cred 7¾ 88 Fl	100	95⅝	96⅛	0	+0½	8.88
World Bank 8 88 Fl	100	102⅝	102⅞	+0¼	+0¾	8.32
O.K.B. 14 88 FF	400	100½	101⅛	0	0	13.34
Solvay & Cie 14¾ 88 FF	200	101¾	102¼	+0⅛	−0⅛	13.37
B.F.C.E. 11½ 88 £	50	98⅛	98⅝	+0⅛	+0¼	11.90
British Oxyg 11⅞ 91 £	50	100	100⅝	−0⅛	−0¼	11.64
CEPME 11¼ 95 £	35†	98½	99¼	0	0	11.39
E.E.C. 11¾ 91 £	50	99½	100¼	0	−0⅛	11.87
Fin For Ind 10½ 90 £	20	94	94¾	0	−0⅜	11.74
Fin For Ind 12¼ 88 £	30	103⅜	104⅛	0	+0¼	11.28
Finland Rep 11⅝ 88 £	50	98⅞	99⅝	+0½	+0⅛	12.08
Fin Mat Oranj 12⅝ 92 £	30	101⅞	102⅝	+0¾	+0⅝	12.18
Gen Elec Co 12½ 89 £	50	102½	103¼	−0¼	−0⅛	11.74
Mort Bk Fin 11¾ 90 £	15	97	98	+0¼	+0¼	12.34
Norsk Hydro 12 90 £	30	102⅜	102⅞	+0½	−0⅛	11.39
S.N.C.F. 11½ 89 £	30	97½	98¼	−0⅛	+0⅝	12.08
Sweden 11⅛ 93 £	50	96¼	97	0	+0¾	11.83
Swed Exp Cred 11¼ 88 £	30	97	97¾	−0¼	0	11.97
World Bank 11⅛ 88 £	100	98	98¾	+0⅛	+0¼	11.58
World Bank 11⅞ 91 £	75	99⅞	100⅝	+0⅝	+0⅛	11.38
Euratom 11 93 LuxFr	500	101	102	−0⅛	−0⅛	10.72
Europarat 10¾ 93 LuxFr	600	102⅝	103⅜	0	−0⅛	10.20

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 87	0¼	99¾	100	27/1	10⅝	10.88
B.F.C.E. 5⅛ 88	0¼	99⅝	99⅞	20/1	15.18	10.28
Caisse Nat Tele 5¼ 90	0¼	99¼	99½	21/10	9.56	5.52
C.C.F. 5¼ 95	0¼	99¼	99½	7/10	10.10	10.25
C.C.F. 8¼ 98	0¼	99¾	100	24/3	10.10	10.20
Cepme 5¼ 89 WW	0¼	99¾	100⅛	3/12	10.55	10.57
Cepme 5¼ 92	0¼	98¾	99⅛	10/12	10½	10.53
Chemical NY 5¼ 94 ††	0⅛	100⅝	100⅞	23/12	10	9.83
C.N.C.A. 5¼ 95 XW	0¼	98¼	99½	7/12	10	10.06
C.N.T. 5¼ 91	0¼	98⅝	99⅛	6/11	9¼	9.30
Credit Agricole 5¼ 97	0¼	99½	99¾	24/3	10.31	10.35
Credit Lyonnais 5¼ 94	0¼	99⅝	99⅞	5/1	10.31	10.36
Credit Lyonnais 5¼ 97	0¼	99⅝	99⅞	1/10	10.06	10.11
Credit Nat 5¼ 94	0¼	99½	99¾	8/3	10⅝	10.79
E.D.F. 5¼ 95 XW	0¼	99¾	100	18/2	11⅜	11.39
E.E.C. 5 90	0¼	99⅞	100⅛	5/1	10.19	10.19
Kansallis Osake 6¼ 92	0¼	100⅛	100⅜	6/11	9½	8.96
Long Term Cred 5¼ 92	0⅛	100	100¼	27/11	9⅝	9.74
J.P. Morgan 6¼ 97 $	0¼	100⅝	101⅛	12/11	10.81	10.70
New Zealand 5¼ 87	0⅛	100⅛	100⅜	7/10	10.06	10.03
NZ Steel Dev 5¼ 92	0¼	100	100¼	22/12	10⅛	10.22
Nippon Credit 5¼ 90	0⅛	100½	100¾	18/2	11¼	11.19
Soc Generale 5¼ 90 XW	0¼	99¼	99½	9/11	8⅝	9.19
Société Générale 5¼ 95	0⅛	99¾	100⅛	1/3	10.31	10.31
Sweden 5¼ 89	0⅛	100⅛	100⅜	28/2	10.19	10.16
Sweden 5¼ 93	0¼	100⅜	100⅝	3/2	11.19	11.13

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 98	3/82	470	116¾	118	+3½	7.55
Canon 7 97	7/82	748.2	232¾	234¾	+0⅝	14.79
Daiwa Sec Co 5½ 98	10/83	508	97¾	98⅝	+0⅝	1.98
Hitachi Cable 5¼ 96	2/82	515	109⅞	111⅞	+1⅜	8.74
Honda Motor 5¼ 98	6/82	894	113¼	114¼	+5⅛	6.36
Honda Motor 5½ 97	3/83	798.8	130⅝	131⅝	+6½	3.88
Kumagai Gumi 6½ 97	10/82	480	126½	128	+2¼	8.80
Kyowa Hakko 6¼ 97	2/83	792	118¼	119¼	+0⅝	12.82
Minebea Co Ltd. 6½ 98	5/83	867	138⅛	139¼	+4⅛	2.51
Mitsubishi Electric 5¼ 00	6/82	396	114⅝	115⅝	+1⅜	3.04
Nippon Electric 5¼ 97	2/82	705.9	183¼	185¼	+2¼	3.02
Nippon Oil Co 5½ 98	4/83	984	131¼	132⅞	+4⅛	4.81
Nissan Motor 5⅛ 98	4/83	770	97⅛	98⅝	+1½	8.96
Olympus Optical 6¾ 97	12/82	1331	108⅛	110⅝	+0⅝	6.29
Orient Finance 5¼ 97	3/82	927.2	95½	97	+1½	2.79
Orient Leasing 5¼ 98	6/83	2600	97⅞	98⅝	+0⅝	−4.77
Secom 6 98	11/83	2820	121⅛	123⅛	+2⅛	3.08
Sumitomo Electric 5½ 97	3/82	677.3	122¼	123⅞	+0⅝	4.06
Yamaichi Sec Co 5 90	8/83	472	95⅝	96⅞	+0½	1.36
Yamanouchi Pharm'cal 4 90	10/83	1800	99⅛	100⅛	+0⅛	3.82
NEC Corp 3½ 93 SF †	6/83	978	161	163	+2	1.51
Sanyo Electric 3½ 93 SF †	5/83	501	100⅝	100¾	+0⅝	6.97
Konishiroku 6⅞ 88 DM	6/82	810	119¼	120¼	−0⅝	2.58
Mitsubishi Heavy 6 89 DM	2/83	283	116	117	+1⅛	6.33
Sun Realty 6¼ 92 DM	2/83	365	127⅛	128⅛	−0⅛	−3.39

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cy. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INT. CAP. MARKETS

EUROMARKETS

Farm Credit debut is well received

BY MARY ANN SIEGHART IN LONDON

ACTIVITY in the Eurodollar bond market picked up yesterday, enabling two new issues to be launched. Several others are rumoured to be in the offing.

Farm Credit Corporation of Canada was the first to come, making its debut in the Eurodollar market. Its $75m deal has a coupon of 11¾ per cent at 99½ and a life of 10 years. This gives a yield to maturity of 11.71 per cent.

Goldman Sachs is leading the bond with Morgan Guaranty, Morgan Stanley and SBC International. Farm Credit will be swapping its U.S. dollars for Canadian dollars.

The deal was well received, trading at a discount of about 1 point – within its 1¼ point selling concession.

Nederlandse Gasunie, the Dutch natural-gas distribution utility, always a popular name in the Eurobond market, managed to issue a successful bond with a coupon of only 11¼ per cent. The maturity here, at seven years, is shorter than Farm Credit's, and the price is 99¾, giving a redemption yield of 11.3 per cent.

Citicorp International is leading the deal with ABN Bank and Gasunie is apparently swapping its fixed-rate dollar money for floating-rate guilders. The bond traded at a discount of just under 1 per cent.

Kleinwort, Benson reduced the amount of its Rio Tinto-Zinc bond from $150m to $100m in the light of Tuesday's adverse market reaction. As a result, the pre-market price picked up slightly to a discount of about two points.

Meanwhile, rumours were rife of new issues from Canada, the World Bank and Coca-Cola, with terms being mentioned in the market. Deutsche Bank, which is traditionally involved in deals for Canada and the World Bank, denied that any bond had been issued, but admitted that Canada might be waiting in the wings.

These rumours knocked the secondary market sideways late in the day and wiped out any price gains made in the morning. Prices closed little changed in fairly active turnover.

Ireland's bulldog bond was priced yesterday by lead managers County Bank, Hill Samuel and S. G. Warburg. The 25-year, £50m issue has been given a coupon of 12½ per cent at a price of 97.288, which yields 12.873 per cent to maturity.

The German new issue calendar for the next four weeks was announced yesterday and the market seemed pleased with the small volume. Prices in the German secondary market rose by ¼ point on the back of a weaker dollar and a strong closing in New York on Tuesday night.

The same factors caused prices in Switzerland to rise by ¼ point, aided by the decline in Swiss short-term interest rates this week.

The European Investment Bank issued its eighth Samurai bond yesterday. The 10-year, Y20bn bond has a 7.8 per cent coupon at a price of 99.15, giving a yield to maturity of 8.1 per cent. Yamaichi Securities is the lead manager.

D-MARK NEW ISSUE CALENDAR

Date	Borrower	Amount (m)	Lead Manager
Oct 11	EIB (private placement)	100	WestLB
12	Asian Devt. Bank	200	Deutsche Bank
17	Finland	100	Dresdner Bank
20	Council of Europe	100	BHF-Bank
Nov 7	Barclays Bank	200	Dresdner Bank
8	SNCF	100	Commerzbank

Next meeting November 11

Argentina moves on debt renegotiation

BY PETER BAINS IN BUENOS AIRES

ARGENTINA's military government yesterday made significant steps in its efforts to remove a court-imposed ban on signing new contracts in the renegotiation of part of its $39bn foreign debt.

An appeals court in the southern city of Comodoro Rivadavia ruled in favour of the Government's attempt to transfer hearings from the Santa Cruz province court of Judge Federico Pinto Kramer to a Buenos Aires court.

There were also unconfirmed reports that Sr Julio Gonzalez del Solar, president of the central bank who was arrested on Monday on Judge Pinto Kramer's orders, would be released during the course of the day.

Political and court sources said that if the case was moved to Buenos Aires, it was highly likely that the freeze on negotiations would be lifted. They pointed out, however, that court proceedings could take some time.

Judge Pinto Kramer had imposed the freeze on the grounds that the contracts to refinance the estimated $7.5bn debts of 32 state companies contained clauses that were not in the national interest, and at variance with domestic legislation.

This interpretation is controversial, however, and it is believed that other judges do not share the same view. The "extraneous jurisdiction" clause of the contracts, which establishes New York state courts as the forum for any disputes, has been accepted by Argentina in the past.

The Government's determination to remove the freeze was underlined by a claim by a politician that President Reynaldo Bignone had threatened to resign if "interference" in the debt renegotiation was not ended.

Barring any further legal upsets, the outlook is now that Argentina's economic authorities may at least resume discussions with the syndicates of 320 creditor banks.

There was some doubt, however, as to whether the legal problems could be cleared up before the general elections on October 30. Sr Roberto Lavagna, an economist from the Peronist Party, suggested that it was likely that the full debt rescheduling negotiations would in the end have to be conducted with the next civilian administration.

Hill Samuel changes interest schemes

BY OUR FINANCIAL STAFF

A FURTHER variation on the growing number of interest rate hedging schemes was announced by Hill Samuel yesterday in the form of interest rate options.

The London merchant bank will offer companies options on a three or six month interest rate for either borrowings or deposits in sterling and U.S. dollars with a starting date up to six months ahead.

Companies may buy an option on a particular interest rate. If interest rates have risen by the starting date in the case of a loan (or fallen in the case of a deposit) Hill Samuel will pay the company a sum to make up the difference.

If they have moved in the opposite direction, the company benefits from the new rates and does not avail itself of the option.

The cost is based on a percentage of the sum involved: 0.875 per cent in the case of three-month sterling starting in six months.